EUROPE'S BUSINESS NEWSPAPER

FINANCIALTIMES

Tuesday July 4 1989

US talks turkey on trade

Hong Kong

Page 6

D 8523A

World News **US Supreme Court places** restrictions on abortion

No.30,885

The US Supreme Court has imposed new restrictions on a woman's right to an abortion, igniting renewed national controversy on the highly charged political issue.
Page 18

trish breakdown The Irish Parliament was

adjourned following the breakdown of inter-party talks to form a new government after the inconclusive general elec-tion of June 15. Page 2

US contract claim Two co-directors of Mr Denis Thatcher, the British Prime Minister's husband, on the board of a UK public company paid money to a US official in a position to influence the award of a contract in its favour, according to a TV documentary, Page 6

tranian call Iran called the US a terrorist state at the United Nations and demanded compensation for the 290 people killed a year ago when a US warship shot

Syrian release

down an Iran Air Airbus.

The Syrian Government has released more than 600 Palestinian, Lebanese and Syrian political prisoners in the past month. Page 4

Gorbachev in France Mikhail Gorbachev is starting a three-day state visit to France, during which Moscow and Paris will cement political ties by signing bilateral agree-ments. Page 3

Mexican poli claim Government claims of victory

in Mexican state elections have ontested by the rightwing opposition amid accusa-. tions of fraud. Page 6

Italian vacuum Italy's latest political vacuum

moves into its 46th day without any clear indication of when a new government might be formed. Page 2

Bhutto returns The Moslem world's first

woman Prime Minister, Benadr Bhutto, is returning to Britain, where sha spent two and a half years in exile, for

Islamic calling

Egypt's top Islamic authority aid all AIDS victims should be killed by denying them food, water and medical treatment.

Three die in rict

Three people were killed when police opened fire to disperse rioting crowds of Hindus and ms in India's western

Sudan programme The leaders of Sudan's new military junta have announced a programme calling for mili-tary conscription and a diplo-

matic bid defending their coup. IRA bombing

The Irish Republican Army claimed responsibility for the bomb blast on Sunday which killed a British serviceman

in West Germany. Page 2 Chang defeated

Michael Chang, 17, the youngest ever winner of a Grand Slam tennis tournament in Paris last month, was beaten by fellow American Tim Mayotte at Wimhledon.

Long Bond: 10 (109 %) yield: 8.08% (8.03)

close 1416% (143)

Business Summary Boots makes £800m bid

BRITISH consumers have dis-regarded high interest rates according to official figures showing a record increase in credit and an upward revision in retail sales. Page 9

ti-billion dollar aid plan for Third World countries at Paris summit of Western leaders.

FORD, US motor company, has reached an agreement with the Portuguese Government to invest more than \$130m in a plant producing car radios.

GESTETNER, UK office equipment group, announced a \$109.7m offer to buy Hanimez, an Australian photographic distributor. Page 20

space group, is investing \$4.7m in European Silicon Structures (ES2), the pan-European micro-chip manufacturer. Page 21

decided to establish a committee to examine means of admit ting new members. Page 23 LAZARO Freres, French mer-chant bank, has set up a \$271m management buy-out fund to

chemicals producer, and Kni-mont, Italian chemicals group,

JAPAN'S foreign exchange reserves plunged \$6.2bn to \$89.6bn during June. Page 4 OUTOKUMPU Copper, part of Finland's state-owned Out-okumpu group, has acquired a 51 per cent stake in the Spanish copper alloy semi-products company, Iberica del Cobre

PETRONAS, Malaysia's national oil company, is to invite international bids in November for a \$130m polypropylene plant. Page 6

to avoid ruin, a Soviet econo-mist and member of the new parliament said. Page 3

reported pre-tax profits of \$138.2m. Page 22

SHARKHOLDERS in Bank Leumi, of Israel, have enlisted Drexel Burnham Lambert, US finance house, in the battle to keep hold on the bank after the Government sells its major ity stake. Page 20

two Japanese trading houses, has bought 7.5 per cent interes each in Oakbridge, Australian mining company. Page 22

FAI Insurances, Australian group headed by Rodney Adler, has sold a 14.9 per cent stake in Goode Durrant, UK industrial group. Page 22

RELIANCE Industries of India will raise \$540m from interna-tional capital markets to build an oil refinery in Dubal, subject to Indian Government permission. Page 6

West Tex Crude

Not available (closed duly 4 holiday)

for rival **UK** retailer BOOTS, UK pharmacy chain, has launched a £800m cash bid for rival retailer Ward

White, but was met with an immediate rebuff by the Ward White board. Page 19

JAPAN plans to unveil a mul-

AEROSPATIALE, French aero-

TOKYO Stock Exchange has provide equity finance for deals. Page 20

NKK, leading Japanese steel-maker, is to raise nearly \$694.4m through a public share offer offer. Page 22

ORKEM, French state owned have agreed to swap control of subsidiary companies.

(Ibercobre). Page 21

SOVIET Union needs \$30bn

THAI Airways International, Thailand's national carrier,

BOND Corporation Holdings, Australian master company of entrepreneur Mr Alan Bond, has failed to pay back on time most of a \$51.3m loan from its Hong Kong-listed subsidiary.

REED International, UK printing and publishing group, is proposing plans to increase its borrowing limits. Page 26

MARUBENI and Toyo Menka,

group should negotiate effec-tive enforcement means, "taking into account differences in national legal systems".

All 12 EC states would "feel comfortable" with the proposal, which probably did not go as far as the US would like

Brussels plan for IPR control but was flexible enough to encourage other countries to consider it seriously, an EC official said.

lectual property rights, includ-Among general principles enunciated were: ing strengthened powers for customs authorities to scize • IPR enforcement procedures should not be unnecessarily The paper presented to the group negotiating on intellectual property rights (IPR) in the Urugusy Round of multilateral trade talks outlined

complicated;

They should treat nationals of other countries in the same way as citizens of the home

 National regulations on jurisdiction, language, the appointment of agents or provision of securities should apply, but not be used to discriminate between nationals and foreign-

 Criteria applied in deciding whether an IPR had been infringed should not discrimiimported goods and services;

• IPRs should be granted or registered within reasonable time, to avoid curtailing the period of protection. Judicial and administrative procedures to be followed by all countries are suggested by the EC.

They include the right of an injured IPR holder to demand that infringing goods, or materials used in their creation, be forfeited and destroyed.

The Community focuses on internal enforcement measures but proposes rules for action by customs authorities against nports of counterfeit goods. An IPR holder who suspected the import of goods bearing a false trademark iden-tical with his own, could ask the customs not to release

He would have to supply proof of his rights and would have two weeks to start legal

Governments should legislate for criminal penalties to be applied in cases of wilful infringement of trademarks and copyrights on a commer-cial scale, the EC proposed.

manion The long and hard wait for eco-

The Guilf: Migrant workers lose out to low of

London: World's first museum devoted to

form non-communist government Lech Walesa the Solidarity leader – who has been arguing behind the scenes that the opposition should enter the government for some weeks – is seeking to force the issue on the movement

on the movement.

whose support for the idea is crucial, also expressed doubts at the weekend about joining a

government, which he said, would in any case have to

begin with a purge at the top

are likely to get support for their cautious stance from the

activists who do not want the movement to be tainted with

the unpopularity of power dur-

ing the current series of eco-

nomic crises in the country.

The Solidarity movement still faces a problem, however, with a political vacuum where it had been assumed there

would be a Communist domi-

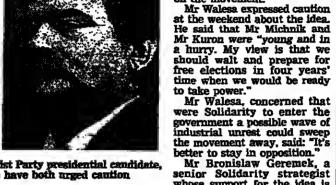
Mr Walesa and Mr Geremek





GORBACHEV ADVISER TAKES NEUTRAL STANCE ● BUSH PROPOSES SOVIET TROOP WITHDRAWAL





Polish strategy: General Crealaw Kiszczak (left), possible Communist Party presidential candidate, with Solidarity leaders Bronislaw Geremek and Lech Walesa who have both urged caution

cate the process of gradual

political change in the country. In his article, Mr Michnik

suggested for the first time the

formation of "an alliance

seat Sejm and the 100-seat Senate are due to meet to choose speakers and take an oath for the first time since elections last month when the Solidarity opposition defeated the authorities in Poland'a freest ballot since 1947.

The move also came as the Polish press published an interview with US President George Bush who is due to arrive in Warsew for a visit. next Sunday. Mr Bush said he would like to see Soviet armed forces enough of a majority in parisament to win the post.

Today both of Poland's parliamentary chambers, the 460-

between the democratic opposi-tion and the reformist wing of the establishment" and argued that Poland's present reforms were "very much in line with the Soviet Union's anti-Stalin-ist policies." Since last month's elections, the Polish authorities have been calling on Solidarity to enter a Government, which

until now the movement's leaders have refused. Mr Michnik, however, backed by Mr Jacek Kurou

another Solidarity leader, openly raised the issue of hav-ing the opposition form a governmeut in speeches at a two-day meeting of the move-ment's parliamentary group in Warsaw at the weekend.

Mr Kuron's view was that the most politically sensitive posts, such as the Ministries of the Interior and of Defence could be left in Communist hands, while Solidarity would take responsibility for other Yesterday's article and

today's issue of the paper he edits, are evidence that Mr

Solidarity official offers deal to vents anger over UK refusal on passports By John Eillott

HONG KONG political activists yesterday walked out of a iunch given by Sir David Wilson, Governor of the British colony, after noisily denouncing a speech by Sir Geoffrey Howe, the British Foreign Secretary. This was the strongest protest ever made in the territory against a

made in the territory against a British cabinet minister.

The activists were protesting against British passports to at least 3.24m Hong Kong inhabitants ahead of the colony's reverting to Chinese sovereignty in 1997.

This refusal was spelt out by Sir Geoffrey, who only offered the possibility of passports for a much smaller number of people in the public and private

ple in the public and private sectors chosen for their "value of service to Hong Kong" or their "connections with Britain,"

The confrontation took place on the second day of Sir Geoff-rey's visit, which began with large street demonstrations. As he neared the end of his speech to the lunch attended by 276 people, eight elected members of local district countillations. cils unfurled a 20ft iong ban-ner which said: "Shame on British government - irresponsible and hyperitical govern-

Mr Lee Wing Tat, a 33-year-old council chairman and a prominent political activist, told the lunch that Sir Geoff-rey had delivered a "bullshit speech" which was "an insult to the intelligence of Hong to the intelligence of Hong Kong Chinese." His speech was applauded and, after he had led his eight supporters out of the hall, he called for pass-ports to be given to "all Hong Kong's 6m people." Sir Geoffrey relentlessy resisted pressure for a relax-ation of Britain's stand, from senior civil servants and rov-

senior civil servants and government department heads, wane, civil service unions, elected urban and district council representatives, and various other professional and

pressure groups.

Sir Geoffrey stressed in his speech that there was "simply no way a British Government could grant to several million people the right to come and live in Britain." It did, however, intend to act in two

"We are working on a scheme that will make provi-sion for people in both the pri-Continued on Page 18

PepsiCo pays BSN \$1.35bn Japanese electorate for entry to UK crisp market deserts ruling party

By Christopher Parkes, Consumer Industries Editor

By Christopher Bobinski in Warsaw

THE formation of the first

non-Communist government in Bastarn Europe for 40 years was proposed yesterday by Mr Adam Michnik, a member of the Poland's Solidarity leader-

ship. An index of the extent of

change in Soviet attitudes came from Mr Vadim Zagladin,

a Soviet Central Committee member and foreign policy adviser to Mr Mikhail Gorba-chev, the Soviet President.

Speaking in Paris, Mr Zagla-din said: "This is a domestic matter for our Polish friends to

decide. We will maintain rela-tions with any elected govern-ment in Poland."

Mr Michnik, whose prison letters were testaments of con-

tinuing resistance during Poland's recent period under martial law, said in a front-page article in the opposition Gazeta Wiborcza that Solidar-

ity should agree to support a Communist Party candidate for

the post of the country's president in return for the right to form a Solidarity government.

His suggestion comes amid

much nucertainty ovar whether either of the two can-

didates for the post of presi-

deut - General Wojciech Jaruzelski, the present party leader, whose refusal to stand

was not accepted by the Cen-tral Committee, or General Czeslaw Kiszczak the Interior

Minister - would command

BSN, France's biggest food Mr Antoine Ribaud, chair. Several British and US com-Nabisco's European biscuit and snack operations with the sale of two leading UK brands of crisps to PepsiCo of the US. PepsiCo has agreed to pay \$1.35bn cash for the Smiths and Walkers potato crisp

operations, furnierly part of the Jacob's and Huntley & Palmer biscuit business which was one of BSN's prime targets in its deal with Nabisco. The deal will considerably reduce the strain on the French company's finances and give FepsiCo, the world's largest crisp maker, a valuable footbold in Europe. It is also expected to present United Bis-cuits, market leader in the UK savoury snacks market, with a considerable challenge.

THE EUROPEAN Commission yesterday proposed the inter-national enforcement of intel-

legal means that the members of the General Agreement on

Tariffs and Trade could adopt,

to ensure compliance with any new multilateral agreement on

intellectual property protec-

It represents the first response to trade ministers' instructions in April that the

counterfeit goods.

products there was no technical synergy.

PepsiCo warned in New York that the deal was expected to dilute 1989 earnings by about 8 cents a share.

The French company launched a FFribn (\$151m) Eurobond to help finance the deal, and there had been wide-spread speculation that it would have also have to make substantial cash call on the Paris market.

Mr Ribaud, popularly known as "the old fox," surprised the food manufacturing industry in June when he scooped up Nabisco's five European biscuit companies offered by Kohlberg Kravis Roberts, the US lever-aged buyout specialist.

company, yesterday recouped man of BSN, said yesterday panies, including Northern more than half the \$2.5 m it that since his company had no Foods and United Biscuits of paid last month for RJR other interests in polato-based the UK and PepsiCo and Borden of the US, were keen to buy parts of tha European operations, but found themselves upstaged. KKR bought Nahisco last

December through a \$25bn veraged buy-out deal. According to Mr John Camp-all, analyst at stockbrokers Pru-Bache, PepsiCo appears to be paying 27.7 times prospec-tive earnings for its entry into British crisps. The deal reduces the 27.1 multiple BSN paid

originally to 26.4.

PepsiCo is expected to use its new base in the UK to extend the European market franchise of Frito-Lay, the best-selling potato crisp in the US.

Lex. Page 18; stock markets, Section II

JAPAN's ruling Liberal women voters' aversion to cor-Democratic Party's grip on ruption in politics. as oeen severe terday, call into question the LDP's ability to avoid an

shaken by a resounding defeat in municipal elections in

Voters deserted the party in large numbers because of the recent introduction of an unpopular consumption tax, the Recruit affair, and a sex scandal involving Prime Minister Sonsuke Uno.

The poll was a triumph for

the Japan Socialist Party, which ran a campaign called the "madonna strategy" throwing into the fray a high number of women candidates in order to capitalise on

equally severe defeat in national elections in three weeks to the Diet's upper house. Analysis said that if the LDP did as badly in the upper house poll as in Tokyo it could lose its overall majority for the first time since 1955.

Some party officials in Tokyo called on the national leadership to take responsibility for the reverse - a thinlyveiled invitation to Mr Uuo and others to resign. But Mr Continued on Page 18

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CONTENTS

Andrei Gromyko: the lost legacy of a policy guru



Few men were more of their age than Andrei Gromyko, and none survived as long at or near the top of the Soviet power structure. John Lloyd chronicles the life of the man who served every Soviet leader since Stalln ..

World Gu

ditorial comment: Solidarity's main chance; Hold firm on law reform ... Lext Boots, BSN, Consumer spending, GEC .18 Technology: Deep dilamma over raising sunken nuclear submarines29 Financial Futures _____ 38
Gold _____ 36
International bonds ____ 23,24
Intil Capital Markets 22,24
Latters _____ 17 -Wall Street -London

industrial design ...

MARKETS STOCK INDICES New York lunchilin New Zesland New York fun Dow Jones Ind. Av. \$1,5770 (1,5535) Barclays index 2,448.60 (+8.54) \$1.5775 (1.5490) DM3.0425 (3.0275) 318.80 (+0.82) FFr10.3325 (10.2775) SFr2.6100 (2.6000) FT-SE 100 2,165.6 (+14.6) World: DOLLAR New York tunchtime 139.70 (Fri) Apr 1989 Jul

New York Comex August \$380.2 (377.5)

Tokyo Nikkei Ave FT (6.5670 (6.6325) SFr1.65525 (1.6755) WITEREST RATES 33,236.42 (+267.73) Y141.50 (143.95) Frankfurt US junchtime Y141.50 Federal Funds 916% London DM1.9265 (1.9645) FFr6.5500 (6.6350) (9¼) Fr6.5500 (6.555 3-mith Treasury Bills: Fr6.5500 (6.555 yield: 8.209% (8.245) SFr1.6545 (1.678 Y141.25 (144.0) GOLD 1 894.8 (-7.52) SFr1.6545 (1.6785) Brent 15-day (Argus) \$18.45 (+0.30) (July)

France takes up the torch of EC economic union

By David Buchan in Brussela

PRESIDENT François Mitterrand plans to use France's presidency of the EC Council of Ministers to get the Community off to a running start in its long marathon towards economic and mone-

After convening a special meeting of the 17-member European Commission in Paris on Saturday, the first day of the French six-month presidency, the Government said it would seek adoption of the legislative revisions necessary for Community finance ministers and central bank governors to co-ordinate more closely their policies.

This is the key part of the Delors report's recommended stage one of greater economic and monetary co-operation, which EC leaders agreed last week in Madrid should come into effect on July 1 1990.

Preliminary discussions about how to carry the Madrid summit's conclusions further will start when finance minis-ters meet here on July 10 and central bankers meet in Basle on July 1.

But no action can take place until the Commission comes up with revised legislative pro-posals. This would probably be at the end of this month, Com-

The other main goal which France is bodier main goal which France is hoping to reach during its time in the EC chair is adoption of the Commission's proposed social charter as "a solemn declaration" of general principles guaranteeing protection of workers' rights in the intended single European market.

Mrs Margaret Thatcher, Britain's Prime Minister, is in a minority of one in opposing

meeting is that the French Government has agreed to fol-low the line of Mr Jacques Delors, the Commission president, that the charter should be shorn of language giving the Commission a mandate to the Commission a mandate to present a new labour policy action programme next year. This separation is designed to placate Mrs Thatcher's fears about signing up to a charter which the Commission will use

as a quarry to mine new legis-lative proposals.

It is however, doubtful that the UK leader, knowing that Brussels plans new legislation anyway, will be placated by this.

Rome told to end charge on foreign cheques

THE EUROPEAN Commission has ordered the Italian Government to remove a L500 tax which it imposes on foreign cheques of over L50,000 (£23).

The tax, which Brussels pointed out yesterday is charged on cheques cashed by tourists visiting Italy, was the subject of a complaint in 1987 by Europheone International by Eurocheque International, the group which represents the issuers of Eurocheques.

The principle of Eurocheques is that they are paid in full if made out in the currency of the host country and provided they do not exceed the guaranteed amount agreed, which is equivalent to approxiately Ecn200 (L300,000). Commission, stating that the tax is discriminatory and

end with an action in the European Court of Justice. The Rome Government has one month in which to comply. The Commission, meanwhile, has decided separately that a tax of L300 imposed on both Italian and foreign cheques — and also the subject of the original complaint non-discriminatory and therefore not against Community law.

Broad political spectrum in Poland's Parliament

Christopher Bobinski looks at a range of opportunities not seen in Eastern Europe since the war

D OLAND'S Parliament, which meets today for the first time since Solidarity's resounding success in last month's elections, may soon be displaying a range of political opportunities never before seen in post-war Eastern Europe.

The departies in the 480-part Salm party leader in Gdansk in 1981, who

The deputies in the 460-seat Seim. The deputies in the 460-seat Sejin, the legislative lower chamber, and the 100-seat Senate, who will be taking their eath and electing speakers, are still for the moment more or less in the ranks assigned to them in pre-election agreements between the Communist authorities and Solidar-

But already the "official" parties are beginning to fray at the edges. Solidarity deputies are cautiously exploring the possibility of forming separate groupings and both chambers are wondering to what extent they will be able to act independently of their respective political leaderships, which in most cases are outside parliament.

The Communists, with 173 sests.

parliament.

The Communists, with 173 seats, are the largest group in the Seim but they no longer enjoy an absolute majority as they have done since the war. A fringe of 20 or 30 of their deputies are more than reformminded, with some not averse to cooperating with Solidarity in pashing for economic and political change. The group covers a wide political spectrum and their leader is Mr Mar-

But the group also contains politi-cians like Mr Tadeuss Flatbach, the party leader in Gdanak in 1961, who worked well with Solidarity and was sacked at the outset of martial law, and who is now concerned to protect the Communist deputies' freedom to vote according to their conscience

vote according to their conscience rather than party diktat.

Next comes the Peasant Party (ZSL), with 76 seats, which till now has played a more or less subservient role to the Communists. But the group does contain a number of outright Solidarity sympathisers, such as Mr Wladyslaw Zabinski, a farmer from Tarnow who hands Farmers' Solidarity's chamber there.

from Tarnow who heads Farmers' Solidarity's chapter there.

Whichever way the ZSL deputies choose to evolve, they will certainly tend to form a strong farming lobby with Farmers' Solidarity deputies in the opposition camp. So far the ZSL parliamentary group has, by 35 votes to 33, elected Mr Alexander Benthowski, a lawyer from Recezow and a Solidarity sympathiser, as their floor leader, against the wishes of the party leadership, which is outside parliament and will in all probability be voted out by an extraordinary convoted out by an extraordinary con-gress in a few mouths or less. The ZSL, though, will be putting up

him.

After the Zell comes the Definorcratic Party (SD), which now has 27 deputies and has in the past played a similarly passive role. Now it has elected as its leader in parliament Prof Jan Janowski, who has represented the party in the past and was one of those who voted against legalising Solidarity in 1982. ising Solidarity in 1982.
Six or eight of the SD deputies are
for the moment classified as Solidarity sympathisers, ready should the
need arise to vote with the opposition

but retaining a loyalty to their party, which looks likely to evolve into a free-market grouping looking for allies among those in the Solidarity team who favour economic liberalism. Bringing up the rear in the official camp are three small and separate Catholic groups which in all have 23 seats and are a relic of the days when the Communists needed to have them in Parliament to demonstrate a measure at least of religious

Solidarity's 161 deputies will, at least at the start, remain a cohesive group, especially if the Communist

Prof Mikolaj Kozakiewicz, a 64-year old sociologist and the head of Poland's Family Planning Association, for Speaker and he will in all probability be elected, although Catholics both on the official side and who first went to prison in the within Solidarity will vote against mid 1960s thanks to his apposition.

Party leadership adopts a confronts led by Mr Andrzej Machalski, who is in the senate and who last Friday told a meeting of liberals in Gdanak that it was imperative that a centre-right, is of a social disnocratic persuadion. They are ready to within Solidarity will vote against mid 1960s thanks to his apposition.

Also in the Saire era a simpler number of the saire era a simple era and the sair that it is of a social disnocratic persuadion.

He is supported by other Soli-darity stalwarts who share a common experience of the niovement's rise in 1981 followed by the despair of internment under martial law. As a whole the group is led by Prof Bronislaw Geranes, a close ally of Lech Walesa. But there are some in the group already showing signs as well as nationalist convictions, and set to vote against Prof. Rosartenies for his amount of birth. Konskiewies for his support of birth control or to call for a Christian clause to be included in the cath that

clause to be included in the oath that deputies will take when sworn in Barmers' Solidarity, with around 30 deputies and 20 sensitors, is the most cohester group within the opposition team. Indeed, it is striking that few shop-floor trade unionists have been elected from Solidarity's urban wing, and it has been up to life Lech Walesa, who is not a member of parliament, to tell his deputies what his movement expects of them.

expects of them.

The main Solidarity movement team also includes up to 20 deputies.

a meeting of liberals in Gdansk that it was imperative that a centre-right, market of sund party be organised as soon as possible. They are ready to vote as a free-market group.

Also in the Seim are a similar number of supporters of workers' self-

 $2 \mu^2 \epsilon_{ij}^{\prime} \cdot \frac{1}{N}$

management traditions who see them-

management traditions who see themselves on the opposite side of the
political spectrum to file liberals.

The senate, which will have the
right to veto Seim legislation, is in a
different position, as after the death
of Solidarity's Prof Graegorz Bialkowski last week the opposition controls 96 seats. The other is held by Mr
Henryk Stoklosa from Pila, who ran
as an independent and whose voting
intentions are not yet clear. Farmers
are strongly represented in the senate
and both the economic left and right
are present.

are present.

It was also clear at the weekend when the senators met that the chamber is concerned to retain a measure of autonomy from the Solidarity trade union. Only 17 senators voted for Mr Jaroslaw Kaczynski, a senior Solidar-ity official favoured by Mr Waless. when he stood for a post in the senate praesidism. The senate will almost certainly choose Prof Andrzej Stehma-chowski, an academic lawyer identi-fied with Farmers' Solidarity, as its

Yesterday's so called "reasoned opinion" from the

Rome, is the second stage of a legal procedure which could

THE IRISH Republican Army yesterday claimed responsibility for the bomb blast on Sunday evening which killed a British serviceman in West Germany and badly injured his wife and four children, writes David Marsh in Bonn.

The British army yesterday identified the dead man as Corporal Steve Smith, 31, of the Royal Tank Receivers. He was killed by a care Royal Tank Regiment. He was killed by a car bomb as he was getting into his vehicle parked on a married quarters' estate in the northern town of Hanover. West German police yester-

day were hunting two suspects seen at the some shortly lietore the bomb exploded.

Security precautions at British army installa-tions yesterday were stepped up. But in view of reluctance to throw a blanket security shield around the British forces, an army spokesman pointed out that 100 per cent protection against attacks was impossible.
The IRA attack is the latest in a series of

Irish parliament adjourns after inter-party talks break down

By Our Foreign Staff

THE IRISH PARLIAMENT (Dail) was adjourned until Thursday following the break-down of inter-party talks to form a new government after the inconclusive general elec-tion of June 15.

The prospect of another elec-tion loomed large and seems inevitable unless at least one of the parties changes its pres-

ent stance.
The acting prime minister, Mr Charles Haughey, told the Dail to remember that the "world is watching" the outcome of the constitutional crisis, and many observers feel that if there is no breakthrough by Thursday, Mr Haughey will ask President Patrick Hillery to dissolve parliament and allow fresh elections.

The leader of the Labour Party, Mr Dick Spring, who

offered over the weekend to act as a mediator, opposed the adjournment, since, he said, the Dail should continue to sit to receive progress reports on the inter-party discussion, but the adjournment was carried Labour itself is coming under some pressure from Flama Fail to support it as a minority government.

Mr Ray Burke, Industry and Energy Minister, soid. The left cannot opt out. They were elected to the Dail also and have a role to play in this situ-

Labour, like all the other parties, will have to count the possible cost — financial and possing cost — ininicial and political — of another election. Labour did particularly well in the election and the electoral dice might not fall so favourably again. trated on Flams Fall and the small, six-member Progressive Democrats, but Flama Fall is adament that it will not accept coalition government and says it is impossible to change its position at this

stage.
Yesterday, before the Dail met, Mr Haughey received the backing of his parliamentary party for his stance.
The leader of the second largest party, Mr Alan Dukes of Fine Gael, had soundings with all the other parties at the weekend — seeking a "rainbow coalition" which could muster enough votes to have a parliamentary majority. But there mentary majority. But there seems no prospect of bridging a left-right divide which such a

Notice to the Bondholders of

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U.S.\$50,000,000 63/4 per cent. Convertible Bonds Due 1995 U.S.\$50,000,000 7 per cent. Convertible Bonds Due 1997

Pursuant to Condition 15 of the Terms and Conditions of the Bonds, we hereby notify 1. The Board of Directors authorised on 24th May, 1989 to effect a free distribution of

shares at the rate of 0.1 share per one share held as of 30th June, 1989 Tokyo Time (the record date). 2. Accordingly, the Conversion Price was adjusted pursuant to Condition 5 (C) of the Terms and Conditions of the Bonds effective as from 1st July, 1989 Tokyo Time.

Notice to the Warrantholders of

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with Warrants to subscribe for shares of common stock of CANON INC. Pursuant to Condition 11 of the Terms and Conditions of the Warrants, we hereby notify as follows: 1. The Board of Directors authorised on 24th May, 1989 to effect a free distribution of shares at the rate of 0.1 share per one share held as of 30th June, 1989 Tokyo Time (the record date).

2. Accordingly, the Subscription Price was adjusted pursuant to Condition 7 of the Terms and Conditions of the Warrants effective as from 1st July, 1989 Tokyo Time.

Notice to the Bondholders of

CANON INC.

U.S.\$100,000,000 3 per cent. Convertible Bonds Due 2000

Pursuant to Condition 12 of the Terms and Conditions of tha Bonds, we hereby

1. The Board of Directors authorised on 24th May, 1989 to effect a free distribution

2. Accordingly, the Conversion Price was adjusted pursuant to Condition 5 (C)

of shares at the rate of 0.1 share per one share held as of 30th June, 1989 Tokyo

of the Terms and Conditions of the Bonds effective as from 1st July, 1989

(1) U.S.\$300,000,000 31/s per cent. Notes 1992

(2) U.S.\$200,000,000 37/s per cent. Notes 1993

(3) U.S.61,000,000,000 41/s per cent. Notes 1933 Subscription Price before adjustment: Subscription Price after adjustment:

Conversion Price before adjustment:

Conversion Price after adjustment:

Subscription Price before adjustment: Subscription Price after adjustment:

Subscription Price before adjustment:

subscription Price after adjustment:

(1) U.S.\$50,000,000 63/4 per cent. Convertible Bonds Due 1995 Conversion Price before adjustment: Yen 582.10 Conversion Price after adjustment: Yen 529,20 (2) U.S.\$50,000,000 7 per cent. Convertible Bonds Due 1997 Conversion Price before adjustment: Yen 591.50 Conversion Price after adjustment: Yen 537,70

4th July, 1989

4th July, 1989

notify as follows:

Tokyo Time.

4th July, 1989

CANON INC. 7-1. Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo, Japan.

Yen 1,211,80

Yen 1,333,00

Yen 1,211.80

Yen 1,398.20

7-1, Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo, Japan.

Yen 1,301,00

Yen 1,182.70

7-1. Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo, Japan.

CANON INC.

CANON INC.

investigation for election fraud By David Marsh in Bonn

complex of Mr Franz Schön-huber, leader of West Germany's far-right Republican Party, seems likely to be encouraged by news of s legal investigation into the party's financial affairs.

The Munich state prosecu-tor's office has opened an inquiry into suspected fraud in connection with the Bavarian state elections in 1986. Mr Harald Neubaner, the Republicans' general secretary, claimed yes-terday that the judicial action was part of a "campaign" by the established political parties to trim the group's sails after its success in last month's European Parliament elections. Mr Neubauer said the allega-tions were baseless. He claimed that the Munich move, together with the prominence given it by the media over the

weekend, stammed from a call last month by Mr Heiner Geiss-

Christian Democratic Union, totoughen handling of the At the same time, a separate.

judicial inquiry has opened in Berlin into allegations of irregularities by the Republicans chairman there, Mr Bernhard

The Munich investigation is based on allegations that the Republicans drew DM1.3m (2438,000) of election funding from government coffers even though it spent only DM200,000 on the 1986 polling campaign. In West Germany parties fighting elections are given access to public funds to defray expenses, with the payments directly proportional to votes

The rumpus underlines how the Bayarian-hased Republicans have burst into the politi-cal headlines by threatening to hold the balance of parliamention next year. Mr Schönhuber has taunted the mainstream rvatives by saying that the Christian Democrats and their Bavarian sister party, the Christian Social Union, have little choice but to form a coalition with him.
Mr Schönhuber, a vociferous

former TV journalist and men ber of the Waffen SS during the war, has been claiming that the political and media establishments are victimising him to keep the far-right out of

Parliament next year.

Mr Neubauer pointed out that one reason for the Republicans' popularity was that the party was free from the various financial scandals in which the established political group-ings had been enmested in recent years. He claimed that the Munich inquiry was a method of "stigmatising" the

West German far-right party under Italy's coalition search waits on Bettino Craxi

By John Wyles in Rome

ITALVS LATEST political vacuum moves into its 46th day today without any clear indication of when a new gov-eroment might be formed, and in a phase which could be entitled Waiting for Bettino".

Those who had been expecting the pace to quicken after the European Parliament elections did not take into account just how much the results might change the calculations of Mr Bettino Craxi, the Socialist Party leader.

There is no parliamentary majority wifhout him, short of a highly unlikely enlisting of the Communists (PCD) to help provide one. And since the Socialists were the only mem-ber of the outgoing five party coalition to poll a higher share of the vote than in the national elections — albeif by a puny susmelessly seeking to exploit the situation.

indication of what he wants the growing suspicion is that Mr Craxi is trying to work his way towards an early general election, perhaps this autumn, but more likely next spring. For the Socialists, the most alarming result in the Eurocent gain by the PCI on their 1987 result. Mr Craxi, who has long dreamt of overtaking the Communists, may well hope to nip any revival in the bud at

All of the other coalition parties have signalled their readiness to launch a new government under Mr Ciriaco De Mita, the outgoing Christian Democrat Prime Minister. Mr Craxi is withholding any commitment about the line-up on the grounds that the tiny Republican and Liberal parties have been keeping bad, anti-Socialist, company.

an early election.

W European chemicals 'must accept restructuring'

has been highly volatile and this does not commend itself to investors," Mr Brown said.

Mr John Holloway, chair-

man and managing director of the UK chemicals division of

Exron, the US oil company, said the chemicals sector had

learned much from the prob-lems which it had experienced

Although uncertainties shounded in the future due to

the extent to which conditions for the sector were linked to overall levels of industrial and

consumer demand, the sector had greatly improved its plan-

over the past 10 years.

THE West European chemical industry has too many players and must accept the need for some restructuring if it is to continue its improved profit performance of the past few years, Mr Ealph Hodge, a senior executive at Imperial Chemical Industries, said yes-

Mr Hodge, who was address-ing the Financial Times conference in London on The Out-look for European Petro-chemicals, said there was some pressure on the sector for new increases in capacity of basic chemicals which might not be

We must learn to do more with less, or more explicitly, with what we have already got," said Mr Hodge, who is deputy chief executive of KTs, chemicals and polyniers group. Mr Hodge voiced the general concern among chemicals exec-utives that the business in

Western Europe, having cut capacity and improved marketcapacity and improved market-ing techniques after the reces-sion in the early years of this decade, was now gearing up for a heavy programme of plant ments in the 1990s. That could result, according

to many in the industry, in the supply of many chemicals well tpacing demand, and could lead to reductions in prices andinstead of following this .

route, Mr Hodge went on, the sector should continue in efforts to restructure.

CONFERENCE

THE OUTLOOK FOR EUROPEAN PETROCHEMICALS

more joint ventures of compa-nies co-operating in producing specific materials.

Another theme should be for chemicals companies to plough more money into research and technology to develop new high-value products or make better use of existing chemical materials in new markets.

Mr Charles Brown, a chemical industry analyst at Gold-man Sachs, the merchant bank, said he feared the industry might be in danger of plunging into a period of poor growth. Much of the investment com-

munity was sceptical about claims by chemicals companies that they had taken note of the problems suffered by the business in the early 1980s. The petrochemicals industry had not produced good returns to shareholders primarily because it had falled to produce profit growth which fitted

in with the underlying expan-

,

sion of chemicals output. "Moreover, the profit record

ning models and had become more resident. Mr Marcello Colitti, energy adviser at KNI, the Italian state-owned industrial holding company, said the chemical industry should be more on the lookout for strategic alliances as a way of ensuring a better position to cope with the demands of rapid globalisation of chemicals in the 1990s.

"To be able to stand up to global competition, companies must be able to exploit opportunities whenever they find them, with no limitations from

geography," he declared.

Mr Simon De Bree, it board member at DSM, the District chamicals commany, meed the industry is get to gros with recycling more of the large amount of plattics which went into domestic waste each year. Presences on the industry in this regard were increasing because of heightened public

interest in environmental mat-

of the 12m tonnes of plastics waste produced each year, only about 500,000 tonnes were recycled, with the rest either being incinerated or used in landfill. Incineration of plastics waste could be accommodated with could be accommodated with-out adding to pollution, Mr De Bree added. However, increases in trest-ment of plastics in this manner would require large invest-

ments in new types of incinera-tion plants which would be capable of burning waste with-out evolving harmful gases. Dr Kurt Ritter, head of the etrochemicals and energy division at the European Commission's Competition Directorate, said the Commission was monitoring the chemicals sector in Europe to ensure that the chemicals market in the European Community

remained open. Companies preparing for the EC single market could not use this event as a tribuat for joining forces when there was no real economic facel, hence cutting down on competition without restification.

Mr Peter Gaffney, senior partner of Gaffney, Cline and Associates, a consultancy, said there would be significant extra supplies of gas-based feedstock to meet a large amount of the needs of the European chamical industry in

oil fields in the North Sea which would increase the vol-ume of liquified petroleum gases and ethans, to be used for making etholene and other widely-used chemical industry

Ms Hilfra Tandy, editor of Chemical Matters, a chemical industry newsletter, said in a session on reporting the petrochemicals business that the industry was moving into a This was because of the

impact of its operations on the The sector had performed excellently in terms of profit over the past few years but often, it could benefit through

being more open with the PENANCIAL TIMES

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EUROPEAN NEWS

The long wait for Romania's economic recovery

Leslie Colitt looks at President Nicolae Ceausescu's options and the price the people may have to pay

LONE Romanian main-tenance barge on the nearly-deserted Dan-less See Conserted Dan-less See Conserted Dantenance barge on the ing them by registering their the livestock and forbidding them the state price. reminder that the waterway inaugurated in 1964 by President Nicolae Ceausescu is a triumph of prestige over com-

Tens of billions of lei are now being spent on an even grander vision, a 72-kilometre canal to connect Bucharest with the Danube. Two ports are to be built near the capital are to be built near the capital with a capacity of 30m tons although it is unclear where the cargo will come from After paying the bulk of Romania's foreign debt of \$11bn in 1980 Western bankers: estimate only \$300m in losus remain President Ceauseacu appears determined to continue remaking the nation in his image.

continue remaking the nation in his image.

The price is likely to be more ameterity for Romanians. Their hopes for improved living standards rose briefly after the President's recent announcement that the debt was repaid. Shortly afterwards, though, Romania banned all future foreign loans.

eign loans.
The lot of ordinary Romanians could be greatly improved even without Western credits. Collective farm peasants could be encouraged to raise more on their house-

The inevitable result of this centrally managed agriculture is that customers shuffle aim-

lessly through the dimly-lighted Alimentara Unic super-market in the center of Bucharest in search of something to eat.

They are faced with aisles of canned and bottled tomatoes, beans, rice and noodles. The

mest counter offers nig trotters which cannot be sold abroad. The tiny feet strongly suggest the piglets were slaughtered for lack of fodder. Real pork was obtainable, a Bucharest taxi driver said, at the rear door of the meat shop

the rear door of the meat shop at the black market price of 150 lei a kilo. This compared with 40 lei for rationed meat which, however, was unavailable. The statistical office said the aver-age monthly wage last year was 3,135 lei.

Officially, last year's grain harvest was given as 32.6 million tons, a reminder of Romania's prewar role as the granery of Europe. The actual

harvest, however, was esti-mated by Western agricultural



Bread queues illustrate the economic reality

the grain was never produced. Enormous waste in bringing in the crop was to blame for the missing remainder. This year's grain harvest may turn out even worse because Romania failed to import plant

notection chemicals.

Systematisation - the elimination of unviable villages and the creation of agro-industrial centres - could also bring about a worsening of food supplies if analysis at closer to 20m tons.

A lack of fertilisers, inadequate irrigation and the absence of incentives meant that much of and peasants would place fur-

ther demands on already strained food supplies.

President Ceausescu has given no sign that costly civil works projects and grandiose industrial schemes will be scaled down. Millions of tons of concrete continue to be poured into the capital's enormous Victory of Socialism Boulevard and other prestige construction

The President has acknowl-edged the need for modernising badly run-down machinery and equipment using the "latest breakthroughs in science and

technology." But Western com-mercial officials in Bucharest say the Romanians are eager to "poach" technology from the West without paying for it. President Ceausescu's unre-lenting micro-management of industry and agriculture is the overriding feature of the economy. On visits to factories the President instructs managers to make more extensive use of this machine or that. Managers and ministers either do things his way or they are sacked for being disloyal. The result is massively distorted output sta-

Romanian officials speak broadly of four main economic options for the country.

• The building up of hard currency reserves "much as in Japan" one planner remarked. High priority to be given to modernisation of obsolescent plants in the light of the Presi-dents recent criticism.

• Importing consumer goods Importing consumer goods or diverting goods normally exported to the domestic market. This option was not actually put forward by the officials but was acknowledged by them to be a "possibility" in response to Western queries.
 Officing short-term credits to potential Third World buyers of Romanian products in order to stimulate flagging

exports. Western analysts believe hard currency reserves will be slowly built up and some effort made to modernise the industrial base. This, however, is likely to be modest in the light of falling exports and President Ceausescu's prohibition of new loans.

Meanwhils, the creaking economy is weighed down by the misdirected industrial projects of the past which devour resources and investments.

The Cernavoda nuclear The Cernavoda nuclear energy station being supplied by the Canadians is long delayed by shortcomings on the Romanian side and is not due for completion until 1988, according to Westerners working on the project. Supplies of electricity and heat will remain tenuous at least until then.

Romania's hi-tech aircraft industry, e personal project of the President, failed to find a market for the domestically-produced Rombac, the BAC I-II airliner licensed by British

Aerospace.

The steel industry is another industrial white elephant, consuming vast quantities of imported iron ore. Petrochemical plants are operating at efraction of capacity and three out of the four Romanian joint matters with Western country. ventures with Western compa-nies havs virtually broken

elapsed, it can be given a decent burial, and after an

attack by natural organisms

will disappear within months.
Ferruszi's ecological eulogy
to its new product points out
that each watch will have
extracted half its weight in
carbon monoxide from the

Mouse promotion, this.

a further proof of the real pos-sibilities for applying agricul-tural materials for industrial purposes," said a Ferruzzi the company said that the watch coming out this week. will not dissolve on the wrist nor suddenly disappear. But once its natural span has alonged it can be given a and Finland.

> Mr Roland Dumas, France's Foreign Minister, described bilateral relations as being "set fair." The one important issue on which the two governments seriously disagree is France's insistance that its nuclear deterrent force cannot, in present circumstances, participate in the process of East-West miclear disarmament.



Co-operation accords

starts a three-day state visit to France today, during which Moscow and Paris will cement their political rapprochement by signing a score of bilateral co-operation agreements. Subjects covered include the production of television sets in the Soviet Union, training businsss managers, youth exchanges and the establishment of a French cultural cen-

them of a French cultural cen-tre in Moscow and a Soviet centre in Paris.

The Soviet leader's visit is going ahead despite the death of Mr Andrel Gromyko. His plans to fly on to Bucharest for a Warsaw Pact summit on Friday and Saturday are also

The high point of Mr Gorba-chev's French visit is likely to be a speech tomorrow to the Parliamentary Assembly of the Council of Europe in Stras-bourg in which Mr Gorbachev is expected to elaborate on his now familiar theme that the Soviet Union and Western Europe both share e "common

European home. As e venue for such a speech, the Council of Europe doubly complements the Soviet leader's campaign to claim common values and civilisacommon values and civilisa-tion with Western Europe, Not merely is the Council the home of the European Convention of Human Rights and the Euro-pean Social Charter, its mem-bership also goes considerably wider than the European Com-munity, to include a number of neutral and non-aligned coun-tries like Austria. Switzerland tries like Austria, Switzerland

After his speech, Mr Gorbachev will have a brief meeting with Mr Thorvald Stoltenberg, Norway's Foreign Minister, who is the current chairman of the Council's Committee of

The programme for Mr Gorb-



Mikhail Gorbachev (above) cement their rapproches



tete-a-tete lunch with President François Mitterrand, at which the two leaders will be accompanied by their wives, and his last social engagement at din-ner tomorrow evening will be a repeat event for the two couples in the even more intimate surroundings of Mr Mitter-rand's personal residence on the Isle Saint Louis.

The only opportunity for Mr Gorbachev to let loose his nat-ural penchant for public thea-tre, will be a brief visit this afternoon to the Place de la Bastille, partly as a gesture to the bicentenary of the French Revolution, partly as a pretext achev's visit has a remarkably intimate character. His first to mingle with the crowd.

Strike threatens Norway's oil exports

By Karen Fossil in Oslo

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NORWAY'S 1.5m barrels per day North Sea oil production and 50m cubic metres per day natural gas exports are in danger of being shut down due to an indefinite strike over wages called by helicopter pilots who transport offshore workers to platforms, employed by the Norwegian monopoly Helikop-

"We may be forced to shut we may be forced to shut down (oil and natural gas production) by the end of this week unless the dispute is settled," according to Mr Emar Ritsa, a spokesman for Statoil, the Norwegian state oil company.

This would mean a loss of about \$25m per day on oil reve-nue alone, based on an oil price of \$18 per barrel. An ear-lier strike which lasted for three days ended on June 2 but

on Sunday a government-ap-pointed mediator intervened but failed to resolve the dis-

To avert the potential impli-cations of the strike including production shutdown some oil companies are seeking spare capacity from helicopter operators in Britain, Denmark and the Netherlands and may also consider using sea transport, although they contend this is not an optimum solution because of limitations posed by Norwegian regulations.

Statoil, however, says that if there exists spare European helicopter transport capacity this is not an attractive solution even on an ad hoc basis.

Norwegian labour regulations prohibit offshore plat-form workers from working beyond 19 days, though they-

normally work 14-day shifts. Daily average transport is for about 800 workers on 40 flights

per day. Mr. Tor Steinum, a spokes Mr. Tor Steinum, a spokes-man for Norsk Hydro, Nor-way's second largest oil com-pany, said yesterday a prime concern of his company was that of the safety hazard posed by keeping workers beyond their normal 14-day work shift. Unless the dispute is resolved before the end of the week the minority Labour Government is expected to decide

on compulsory arbitration.

For the second year running Norway has invoked a wage freeze to curb high unit labour, costs which has burt the country's competitiveness. This spring employers and unions agreed to limit pay rises to four per cent after last

year's five per cent limit.

Mickey and the time just fade away

By John Wyles in Rome

THE ENDURING appeal of THE ENDURING appeal of Walt Disney's Mickey Mouse is being exploited by Mr Raul. Gardini; the president of Italy's Ferruzzi Group, to popularise what he claims is a major environmental and scientific breakthrough in the production of biodegradable plastic.

Having recently endured an annual meeting of his Monted-ison subsidiary which was pro-longed for hours by the closest scrutiny of his environmental credentials by Green share-holders, Mr Gardini's last laugh will be to give away 750,000 wristwatches mounted in biodegradable plastic. He is also going to wint in "ecologi-cal ink" this week's Mickey Mouse cartoon insert which appears in his Roman saily newspaper, Il Messaggero.

The new plastic material. "thermoplastic starch," is derived from carn starch and has been developed by Monted-ison, and another Ferruzzi company, Eridania.

The other contents are fossil products which allegedly strengthen biodegradibility and "environmental compati-

The wristwatches can be The wristwatches can be assembled from the parts which will be given away over the next three weeks in each weekly edition of "Topolino" (Mickey Mouse) which is published in Italy by Walt Disney. Even the straps will be made from a natural product, in this case cork.

case cork.
The ecological ink in II Mes-saggero's supplement, mean-while, will be without lead and made from a soya oil base "as

atmosphere, because this is what corn absorbs during its growth. As a result, the world is a little less vulnerable to the "sierra effect" of global over-heating. Not just a Mickey

HE'S NOT IN THE STATES.



SEWING UP A DEAL IN MANHATTAN.

Tve just seen this season's collections."

"Always first with the inside info.

So were we right?" "You always are. You specified all

the latest colourways from us." "I guess I ought'a order more silk then."

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With AT&T, a worldwide leader in telecommunications, and your local telecommunications organisation the lines to the States are open for everyone.

If you want your business to pick up, pick up the phone.



Thailand's

premier

suffers

setback

By Roger Metinews in Bengkok

A THOROUGH review of the dered electoral system in the Australian state of tem in the Australian state of Queensland, together with a watchdog body for its police and criminal justice system, have been recommended by a wide-ranging inquiry into corruption in the state.

The recommendations were replicated materials in a 690.

published yesterday in a 630-page report by Mr Tony Fitz-garald, who headed the

He was appointed after damaging revelations involving Queensland's police and high-ly-placed officials and minis-

Over a period of 18 months, the inquiry exposed police bribery and corruption involv-ing prostitution, gambling and illegal bookmaking, and abuses of power at high government levels involving electoral boundaries, political donations, ministers' personal businesses and the appointment of judges and other officials.

Mr Mike Ahern, Queensland's premier and successor to the now-disgraced Sir Job Bjelke-Petersen, promised yesterday that his National Party government would

He also used the occasion to accuse other Australian states of similar patterns of

not containing any adverse findings against individuals. It says the task of sifting and assessing the vast amount of evidence belongs to the special prosecutor already appointed by the government.

The inquiry says the fairness of the Queensland electoral system - which divides the state into four zones giving country votes up to four times the value of city votes — is widely questioned.

It recommends the establishment of an Electoral and Administration Review Commission to examine the zonal system and electoral boundaries, saying public confidence in the system is important to a restoration of social cohesion and respect

for authority.

Regarding Queensland's police and legal system, the inquiry recommends the establishment of a Criminal Justice Commission to review, co-ordinate and initiate reform to the

Hongs add their weight

By John Elliott in Hong Kong

EIGHT of Hong Kong's largest companies, including the col-ony's four famous "Hong" trading groups and the Hongkong and Shanghai Bank, have joined the Stock Exchange and other organisations to mount a public relations campaign aimed at securing full UK pass-ports for as many of the col-ony's 3.24m British subjects as

possible. Their initiative - which, it is envisaged, could last till 1997, when Hong Kong reverts to Chinese sovereignty - was agreed yesterday shortly after clear that there was no possi-bility of such a large number

being given passports.

The companies include the four Hongs – Hutchison Whampoa, Jardine Matheson, John Swire and Sons, and Inchcape – plus the Hongkong and Shanghai Bank and Hongkong Telecom, all of which have strong roots in the UK. The other founding committee members are the Stock Exchange, the General Chamber of Commerce, DHL courier company, which has local links, Cluff Oil — partly owned by Hotchison — and two mem-Sir Geoffrey Howe, British For-eign Secretary, had made it bers of the Legislative Council.

Howe acknowledges Hong Kong's 'depth of anxiety'

THE following are extracts from Sir Geoffrey Howe's speech to Hong Kong communnity representatives yesterday:
....'I know the depth of your

anxiety; it is your lives and livelihood that are at stake. I know the argument that an insurance policy for all would underpin the confidence of individuals who wished to remain in Hong Kong, and I know too that, at the moment, comparatively few Hong Kong people think that they would, in practice, wish to take up a right of abode in Britain. But the plain fact is that there is simply no way that a British Government could grant to several million people the right to come and live in Britain.

It dismays me that some have suggested that this is a matter of race. It is nothing of the sort, it is a practical prob-lem oo an enormous scale. If we were to extend right of abode to 3.3m British Dependent Territories Citizenship passport-holders or to all 5.7m Hong Rong people, we would never know how many of those might present themselves for settlement as a matter of right, not just in the next eight years, but over the coming decade.

It would be an indefinite and open-eoded commitment that would test our capacity in all employment, transport, inner city services - on a scale and in a way that far exceeded any previous experiences. I believe there is no way that the British Parliament could be persuaded to support a scheme on this

There is no more binding contract than an insurance policy. There would be no more cruel deception than an insur-ance policy on which we could not deliver. But that certainly does not mean that we are washing our hands of this problem. We intend to take action in two areas:

First, I have been looking urgently with the Prime Minister, the Home Secretary and other Cabinet colleagues at which changes can be made in our immigration arrangements. For the reasons I have described, we are not extend-ing right of abode to millions of people or to anything like that number, but urgent action does need to be taken to give some reassurance. We are working on a scheme that will make some provision for people in both the private and public sectors on the basis not simply of counections with Britain, but also the value of

service to Hong Kong.... Secondly, we have to look at what would need to be done in the very difficult circum-stances of an extreme situation.... What we are talking aboot is e far-reaching break-down of the arrangements in the Joint Declaration.... if things did go catastrophically wrong, Britain has firm obligations to Hong Kong. We would not close our door and we would mobilise the international community to belo us if the numbers leaving Hong Kong in such circumstances were larger than we could deal with alone, We have already started work on this."

Queensland inquiry Tokyo to unveil Third World aid proposals

By Stefan Wagstyl In Tokyo

JAPAN plans to unveil a multi-billion-dollar aid plan for Third World countries at the Paris summit of Western

leaders this month.

The total package is likely to be similar in scale to the current three-year \$36bn programme for recycling trade surpluses by means of soft loans, which was introduced by Mr. Vasublus Natarana in by Mr Yasubiro Nakasone in 1986, but was later expanded. The current programme is due to run until March next

Japan's foreign reserves fall

By Yuriko Mita in Tokyo

JAPAN'S foreign exchange reserves fell \$6.2bn to \$89.6bn during June, mainly because the Bank of Japan was forced to sell suge volumes of dollars in an attempt to stem the US currency's strong rise. At the beginning of June, the dollar had stood at Y142.65 bot it rose rapidly over the next few days, passing briefly through what many currency market analysts considered an important psychological bar-rier of Y150. The BoJ inter-vened massively with other central banks and the dollar fell to around Y142 by the month's end. Analysis believe

Bhutto to see

return to UK

THE Moslem world's first

woman prime minister, Bena-zir Bhutto, will make a nostal-gic return to Britain tomor-

row, the country where she spent two and a half years in exile. It will be her first offi-cial visit to Britain since

assuming power as Prime Min-ister of Pakistan in December.

One of the main purposes of her visit is to talk about Pakis-

tan's re-entry into the Com-monwealth. Ms Bhutto's father, Pakistan's first elected

prime minister, withdrew the country in 1974. She will meet the Queen at Buckingham Pal-

ace and the Secretary General of the Commonwealth, Sir Sonny Ramphal, Pakistan is hoping to rejoin before the next seasion in Malaysia in the

autumn, and there should be little opposition, India having

withdrawn its veto in the light

of improved relations between

Two economic agreements

are expected to be signed dur-

ing Ms Bhutto's visit. Under

one Britain will contribute

\$60m to Pakistan's World

Bank-sponsored private sector

Energy Development Fund to help finance private-sector power generation projects.

The second agreement will provide \$25m aid for teacher training, primary health care,

slum improvement and rural water supply. She also hopes to get money for Pakistan's

anti-narcotics programme, one of her main priorities. In the last eight years the number of

heroin addicts in Pakistan has

risen from 25 to 700,000. Ms Bhutto's social and eco-

nomic programmes rely

heavily on attracting foreign investment and during her

week-long visit she will man-gurate a conference organised by the British and South Asia

Trade Association (BASATA). She hopes to attract money to develop energy resources such

as oil and coal.
In Ms Bhutto's talks with

Union, and attend the finals of Wimbledon tennis.

the two neighbours.

Oueen on

By Christina Lamb

year, but much of the money has already been earmarked for specific projects. So, there is already been interest among

potential recipient countries about the proposals' contents.

The new package, like its predecessor, would be separate from money dishursed as grants and project loans under Japan's regular official development assistance budget.

Loans under the recycling programme are designed to helpcountries fund general eco-

nomic restructuring schemes. A senior official of the Japa-A senior official of the Japanese Ministry of Foreign Affairs said yesterday the details of the new package were still being discussed. But the programme would include \$4.5hn.\$5hn which Japan has pledged as part of its contribution to the Brady Plan for alleviating Third World debt. This money would be lent to This money would be lent to the World Bank and Interna-

to contribute in a new multi-national aid programme for Mexico, which has been orchestrated by the US. Beyond this, officials said they were looking at different content. One possibility is

options. One possibility is increasing Japan's contribu-

which plays a key role in efforts to recycle Japanese trade surpluses to developing countries.

The new package would also probably include some or all of the \$25m Japan has promised to contribute in a new multi.

The plays a key role in agencies to the multilateral aid egencies to help them pay for environmental impact studies in separately considering pledging \$25m-45m towards a multilateral aid programme for the Phillippines. In the

multilateral aid programme for the Philippines, in the so-called Philippines Marshall Plan, as well as a plan to spend \$500m or more in grant-only aid for the poorest countries of Africa, following a \$500m plan which started in 1967 and expires next March.

THAILAND'S Prime Minister, General Chatichal Choonhavan, looks to have suffered his first political setback since being elected last August, as a result of a row which has broken out over the composition of the board of the Electricity Generating Authority of Thailand (Egat).

The delicate political balance between elected politicans, the military and the elite of the civil service has been upset by the peremptory sacking of eight members of the II-strong Egat board last week over their opposition to the government's privatisation plans.

privatisation plans.

After several days of mount After several days of mounting agitation and stoppages by thousands of Egat employees, the country's influential acting Supreme Commander has stepped into the argument. When he retires from the army General Chavalit Yongchaiyudh is expected to be a prime ministerial candidate.

Following a meeting between the Prime Minister and the Supreme Commander, the government has proposed changes to the nominations it was mak-

enument has proposed changes to the nominations it was making to the new Egat board. They include those of the deputy chiefs of the three armed forces together with the deputy national police chief, none of whom is thought to have much experience of the electricity supply industry.

Thalland's rapid economic growth during the past decade has caused a 15 per cent annual increase in the demand for power, with the danger of blackouts growing if new capacity is not installed soon.

At the same time the emer-

At the same time the emer-gence of an increasingly confi-dent and assertive Gen Chati-chai as Thailand's first elected prime minister for 12 years has added to the strains among the political elite. His foreign policy initiatives of opening up business links with Vietnam. huaness hinks with vietnem. Cambodia, Laos and Burma have aroused criticism in the region while domestically he has increasingly appeared willing to challenge some deeply entranched interests. entrenched interests.

Those who wish to check Gen Chatichai's power are believed to have seen a golden opportunity with the sacking of the Egat board. The protest actions of the trade unions, which are not thought to act independently of very powerful national interests, have to be seen in that light.

Syria releases 600 political prisoners

By Lara Marlowe In Damascus

THE SYRIAN Government has released over 600 Palestinian, Lebanese and Syrian political prisoners in the past month, and is expected to release more

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in the near future.

One hundred and sixty-four Palestinians from the pro-Arafat Fatah movement were released following pleas by Mrs Intissar Al-Wazzir, the widow of "Abn Jihad", when she met President Hafez Al-Assad of Syria on the first anniversary of her husband'a assassination

in April. The Palestinian prisoners in Syrian jails were fully dis-cussed at the Casablanca Arab League summit in May. Palestinian sources in Damascus say there are still about 2,000 Palestinians held in terrible conditions in Syrian prisons, but more are expected to be freed soon.

The liberation of Fatah members, many of whom had been held since the Syrian-PLO split in 1983, coincides with Syria's interest in improving relations with Egypt and Saudi Arabia, which both want to see the Syrian-PLO dispute brought to an end.

an end.

About 500 Syrian and Lebanese political prisoners were also released within the past month, according to a highly-placed Syrian official. Many of the prisoners were Islamic fundamentalists seized during the brutally-repressed Hama uprising in 1982 and later in the northern Lebanese city of Tripnorthern Lebanese city of Tripoli during the conflict with the "Al-Tawheez" Islamic movement in the mid-1980s.

"The Government feels secure now," a Syrian official said, "so they can afford to give people a little more freedom."

A delegation led by Mr Far-ouk Kadoumi, the PLO's "for-eign minister", was to have travelled to Damascus before tba Casablanca summit. But Palestinian officials here say tha visit was postponed because Mr Yassir Arafat, the PLO chairman, first wanted a Syrian vote at the summit in favour of the Palestinian state whose foundation he announced last winter. Then iraq, which has good relations with Mr Arafat but which does not wish to see him reconciled with Syria, put pressure on the PLO chairman to delay further the delegation.

Marubeni criticised over aid 'threat'

By Robert Thomson in Tokyo

THE Japanese government has criticised Marubeal, the giant trading house, for sending letters to the Ugandan government complaining about the loss of an aid-funded telecommunications contract and implying that Japanese aid funding to the country could funding to the country could be jeopardised.

The issue is a great embar-rassment to the Japanese gov-ernment, which has taken care to cultivate its image as the world's largest aid giver, and which has strongly denied claims that Japanese companies are sometimes unscrupnlous in their pursuit of aidmonth's end. Analysts believe funded contracts. the BoJ sold a record \$7bn on the currency markets in June.

A foreign ministry spokes-man said Marubeni was repri-

manded for two letters, sent in February and April after the \$30m contract for telephone line repair, part of a \$50m World Bank grant, was suspended by Uganda. An offi-cial at the influential Ministry of International Trade and Industry (Miti) said that a meeting has been sought with the company to discuss the

Last Angust, Marubeni had successfully hid for the con-tract to repair telephone lines in three cities, but a Ugandan government review committee ordered the suspension of the agreement after suspicions of corruption in the selection pro-

Uganda was then more inclined to an Italian hidder, Sielte, Marubeni sent the letters, while the Japanese embassy in Nairobi sent a diplomatic note to the Ugandan

The second letter, written by the director of a Maruheni tele-communications department, suggested that the Japanese government took a "great interest" in Maruheni's case and implied that the failure to proceed with a contract could have consequences for future aid funding through Japan's Official Development Assis-

A Marubeni spokesman said the company had "no intention of applying pressure" on

Uganda, but conceded that the controversy was unfortunate for the image of the company and the country. He said the company had engaged in nor-mal business practice and there has been a misunder-

standing.

The Japanese foreign ministry spokesman said the diplomatic note was routine procedure, and was an attempt to find out more about the reasoning behind Uganda's change of mind. He said that regardless of Maruben's mistakes, the ministry maintained Uganda must abide by Worid Bank guidelines on loans, and that investigations are continuing as to whether those guidelines were breached.

India wins \$6.7bn in aid pledges

By K.K. Sharma in New Delhi

INDIAN officials who attended the meeting of the Ald India consortium in Paris have returned to New Delki con-vinced the Government will have to increase the domestic savings rate to reduce depen-dence on foreign aid and direct

dence on foreign and and direct foreign investment to deal with the country's actions bal-ance of payments position. Resistance has grown, in particular, to use of direct for-eign equity investment after pressure from the US and others. Western deverte to save other Western donors to ease. terms for this. In the medium term at least

India will rely more on foreign and wall ray more on totage aid and on its own efforts to increase the domestic savings rate. A meeting of the Plan-ning Commission to work out a target for the savings rate and growth of the economy in the next five years is expected to be held in the next couple of

days.

The officials are not unhappy with the pledges for aid made in the Paris meeting 1989. totalling \$6.7hn for 1989-90, although in real terms there is no increase from last year's commitment of \$6.4bn.

But because of the growing debt burden, there is concern also at the reduced inflow of net aid. For example, although Japan gave aid worth Rs 6.26m in 1887-88, the repayment liability of Rs2.2bn in the year considerably lowered

Soldiers with fixed bayonets march furough Peking's Tiananmen Square a month after the bloody repression of the pro-democracy protests. The square is still closed to the public. Sudanese junta defends seizure of power

THE leaders of Sndan's new military junta have announced a programme calling for military conscription and have launched a diplomatic cam-paign to defend their seizure of power to western and moder-sie Arab governments.

In Ms Bhutto's talks with Mrs Thatcher one of the main subjects is expected to be Afghanistan. She will also meet opposition leaders.

Before leaving for Faris Ms Bhutto will visit her former college at Oxford, where she was president of the Oxford Union, and attend the finals of A policy statement published by the National Salvation Revolutionary Command Council on state-run Radio Omdurman called for "the drafting of all those capable of carrying out their patriotic duty and the strengthening of government troops fighting a six-year civil war in the south.

The statement also called for increases in the provision of military bardware and medical supplies to the army. Lt Gen Omar Hassan Ahmed

el-Bashir, the country's new leader, said yesterday that plans to strengthen the army did not contradict the new regime's desire for peace in the south because "peace requires force to protect it". He also binned the country's

politicians for causing starva-tion by plundering the coun-try's wealth "to build castles and convert them into hard currency deposits in foreign banks". He vowed to hold pub-lic trials of officials of the for-mer regime for malpractices and corruption.
The revolution has come to

put an end to these parties' abuses and corruption. There is no question of letting then return," he was quoted as saying in yesterday's influential Egyptian daily, Al-Ahram.
While ruling out the possibility of a return to multi-party.

parliamentary democracy Gen. Bashir defended his crackdown against Sudan's independent press and trade unions, which, he said, would have a role to

play in the future under new laws. Wa need to be criticised... We need a free and independent press to oversee us," he said.

Political observers contacted in Khartoum by telex said these statements were designed to win recognition from western governments, particularly the US. Gen Rashir also further

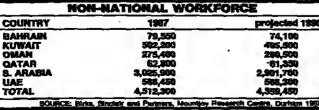
declared his government's desire to seek unity with Egypt, and said his regime had been in constant contact with Cairo during the coup.

Foreign workers face 'Arabisation' of Gulf's 'dirty jobs'

Low oil prices, population growth and unemployment threaten long dependence on migrants, writes Victor Mallet

O LOOK only at pedes-trians, labourers and office workers in some Gulf cities is to imagine your-self in the Indian subcontinent, and it is a truism to say that the Gulf is overwhelmingly dependent on foreign labour. But the fall in oil prices in the early 1980s, the exception-ally high growth rates of the region's indigenous Arab populations, and the arrival of an unemployment problem among Gulf graduates has led to a new perception: that foreign workers will have to leave in their hundreds of thousands to

make way for the locals. "Kuwaitisation" and "Omanisation" have become typical government catchwords of the day as Gulf rulers seek to address the labour problem. Saudi Arabia, the largest Guif employer of foreign labour, has already cut back. Bahrain has announced plans to reduce the number of expetriate workers in the private sector to 40,000 from 60,000 in the next five



years, and the United Arah Emirates intends to nationalise all 50,000 government jobs; at present only a fifth of the posts are held by its citizens.

Such moves are a source of concern to labour-exporting countries in Asia and the rest of the Arab world, which fear the destabilising effects of lower remittance income and a mass return of workers from abroad, inparticular the Philippines, Jordan, Egypt and the two Yemens.

There are estimated to be some 5m foreigners in the Arab Gulf states (excluding Iraq), making up some 40 per cent of

the population and most of the workforce. Half of them are in Saudi Arabia. The Baghdadbased Arab Labour Organisa-tion reckons that expatriates in the Gulf as a whole remit some \$6bn to \$8bn a year.

It is interesting that the exodus of workers so beralded by Gulf governments and feared by the labour exporters has largely failed to materialise. Estimates differ, but Mr Roger Böhning, who studies migrant labour at the International Labour Office in Geneva, believes there has only been a 5 to 10 per cent drop from the 5.3m or so in 1984.

level for some years to come, or perhaps creep up," he says. One study (see table) predicted a fall of around 3 per cent between 1987 and 1990. There are two important fac-

tors which have slowed the reduction in the number of foreign workers - the notorious but understandable reluctance of oil-rich Gulf nationals to do mental jobs, and the tendency for students to study social sci-ences or arts subjects rather than acquire the technical skills required by their devel-oring economies oping economies.

The basic determinant of

the situation is that they don't have to pick up the dirty work because they have money," says Mr Böhning. "That will be an eternal problem for them. I feel that they will be educating a large number of people and not getting them into the labour force.... I think people have realised – but are afraid to verbalise it – that they will have a long period of reliance

"B's likely to remain at this swel for some years to come, r perhaps creep up," he says. In study (see table) predicted fall of around 3 per cent the construction boom has shifted the emphasis from makilled labour to skilled or semi-skilled maintenance and staffing. At the same time the

squeeze on costs resulting from lower oil prices has prompted employers to choose cheaper nationalities. In many cases wages have fallen. Before 1982 there were more than 100,000 Americans and Europeans in the Guit today there are probably less than half that. Asians are replacing more expensive Palestinians

and Egyptians in some skilled jobs, and relatively "cheap" Bangladeahis are now favoured for mannal labour. When you have built a hospital, you have to staff it. Schools you have to staff with teachers," says Mr Böhning. "Two thirds of the foreign workforce were in construc-tion. Now it's less than one

third.... There is a shift away from the unskilled to semi-skilled and a shift away from expensive to less expensive nationalities."

Jordan both exports and imports large amounts of labour. Some 40 per cent of its labour force, in the form of more than 300,000 Palestinians with Jordanian citizenship, work in the Gulf, while unskilled Egyptians work in Jorda-nian agriculture and Asians work as maids. As Palestinians are squeezed slowly out of the Guif, unemployment rises and foreign exchange dwindles. The Jordanian authorities are therefore attempting to restrict tha inflow, for example by making work permits more expensive for employers.

But as in the more prosperous oil-producing states, there is a mismatch between the qualifications and ambitions of the unamployed and the jobs available. It's not easy to find a good Jordanian fitter, and if you do find him he's rejuctant

to dirty his hands and he will have an Egyptian assistant, said one government minister

recently.

Dr Fouad Iskender, Egypt's Minister of Immigration and Expatriate Affairs, has devised a series of schemes to promote a series of schemes to pro a series or schemes to promote loyalty among Egypt's 3m workers in the rest of the Arab world – many of them in Iraq. Eminent Egyptians abroad are offered medals, certificates and even receptions in their housest and they are promoted to the control of the cont our, and they are urged to invest in Egypt, promote Egyp-tian tourism, and spend money on Egyptian commodities. Remittances amount to some

\$3bn a year. "On account of the fabulous increase in our population we are under pressure to create annually new job opportunities of a productive nature for about 420,000," he says. "If possibilities sibilities for employment abroad can relieve domestic resources from some of the pressure involved, then we wooldn't mind."

FINANCIAL TIMES TUESDAY JULY 4 1989

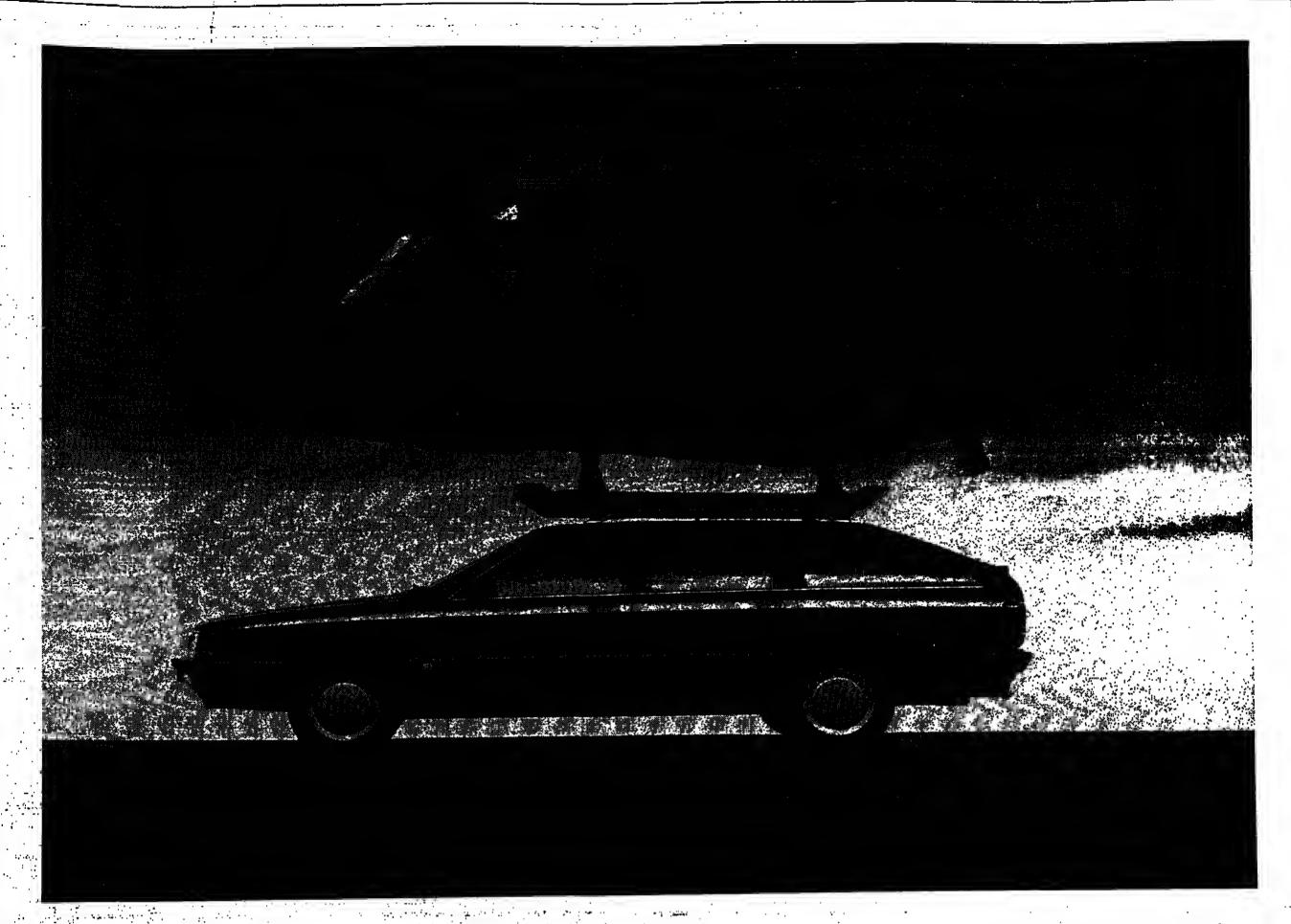
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VORSPRUNG DURCH TECHNIK.

AMERICAN NEWS

Decline in orders points to further US economic slowdown

ECONOMIC ectivity in the US declined in June for the second consecutive month, according to an industrial survey closely watched by tha Federal Reserve in fixing monetary policy and interest rates, writes Peter Riddell, US Editor, in

The purchasing managers' index dropped last month from 49.7 to 48.8 per cent, the lowest level since July 1986. Previously there had been 33 consecutive months in which the index was above 50 per cent; a reading below that level indicates that the economy generally is

Guidelines

for Brazil's

t. Inflation so far this year

has been 176 per cent. The budget guideline law, as

the legislation is known, was

approved by a pro-forma vote by the leaders of the two main

parties in Congress. The legis-

lature could not convene a quorum to vote on the bill,

thus diminishing the law's

political clout. Congress can

amend the law any time during

the coming year. It establishes a principle that

spending cannot exceed revenues, but still allows the Gov-

ernment to increase its spend-ing deficit to fund "priority investments" and land reforms

and to capitalise the sickly

state companies. However, the law does require impressive

budget

By John Barham in São Paulo

The index is a composite of replies from purchasing executives in more than 250 industrial companies and covers new orders, production, vendor deliveries, inventories and employment. It thus points to the direction and scope of change of

The latest index shows new orders at their lowest level since September 1984, with employment declining for the fifth month running. Moreover, the rate of growth of new export orders slowed significantly last

However, for the first time in 84 months, more purchasing executives reported prica declines than increases. This covers the cost of goods and materials which they

raken with other recent indicators, the latest figures provide further evidence of a marked slowdown in the rate of US economic growth this year. But there is no clear-cnt evidence yet to substantiate Wall Street's recent fears of a coming recession. None the less, the figures will underscore worries in the Bush

administration about slower growth than it wants, which will both complicate any reduction of the federal budget deficit and increase calls for an easing of US monetary

The Fed's policy-making open market committee meets innorrow and on Thursday to review its previous cautious stance reconciling the views of those favouring continued restriction and those who believe some easing is now justified. Mr Robert Bretz, the chairman of the purchasing managers' business survey committee and director of

material management at Pitney Bowes, commented that the index had averaged 51A per cent for the first half of this year. He said: "Past experience indicates

that, if this average were to continue for the second half of 1983, it would be consistent with real Gross National Product growth of about 2.3 per cent. However, the index average for the second quarter, 50.5 per cent, appears to be more consistent with real GNP growth closer to 2 per cent. The index would have to fall below 44 per cent before signalling negative real GNP,"

Mr Bretz added that in June "the total economy continued down the path toward alower growth as it ended the second quarter. The manufacturing economy declined for the second consecutive month as all indicates." the second consecutive month as all indicators, except production, registered declines. The best naws is that inflation appears to be slowing at a faster pace than the overall economy."

There was little market reaction as activity was quiet in advance of today'e Independence Day public holiday in the US, when banks and exchanges are closed.

Fraud claim in Mexican state elections

By Lucy Conger in Morelia, Mexico

MEXECO's ruling Institutional Revolutionary Party is claiming vicinry in tight elections in two key states, but left and right-wing opposition parties claim the voting on Sundaywas marred by fraud.

Polling took place peacefully. After the polls closed, however, a war of words began in a flurry of bulletins released by the leading parties, citing irregularities including stolen ballot boxes, keeping opposition poll-watchers away from the polis, and failure to deliver hallots to polling places.

In Baja California and Michoscan, opposition activists

In Baja California and Michoacan, opposition activists alleged interference with electoral rolls, eliminating pro-opposition voters and adding phantom voters.

In state congressional elections in western Michoacan state, a bastion of the left-wing Party of the Democratic Revolution (PRD), PRI officials published figures claiming a lead of between 10 and 35 per cent in 10 out of 18 deputy seat races.

Mr Cuauhtémoc Cárdenas, the former Michoscan gover-nor and national PRD leader, published preliminary vote counts showing a strong lead for PRD candidates in 10 state

congressional districts. Opposition parties are still boning to set a precedent with wins in the two states, which would wrest a governorship and state congress from the ruling party's control for the first time under the 60-year

PRI regime.

By early yesterday, PRI party officials said no results would be released in the race with the right-wing National Action Party (PAN) for the governorship of the northern border state of Baja California until next Sunday.

The PRI declarations of victory show "a conscious decision was made at a high [political] level some time ago that

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call level some time ago that the opposition would not win," said Mr Jorge Castaneda, a political commentator, after observing the Michoacan elec-

Such a stance would stretch the credibility of the promises of President Carlos Salinas de Gortari to stage clean elections and democratise the PRI.

Thatcher link with US waste company scrutinised

John Plender reports on a controversy surrounding a Florida-based unit of Attwoods of the UK

WO co-directors of Mr Denis Thatcher on the board of a British public company paid money to e US official in a position to infin-BRAZIL'S Congress has drawn a general outline for the 1990 budget, in one of its final votes ence the eward of e contract in its fevour. This allegation, before the winter break. Unlike which concerns Attwoods, the British waste management previous votes increasing wages and the federal budget deficit, the latest law imposes group of which the British Prime Minister's bushand is deficit, the latest law imposes greater austerity than even the Finence Ministry hed requested. But economists say it contains wide loopholes.

Economists say excessive government spending is the single most important source of Brazil's runaway inflation. In June, prices rose 24.83 per cent, bringing inflation over the past 12 months to 964 per cent. Inflation so far this year deputy chairman, was made in a Channel Four documentary

programme broadcast last night.

The charges centre on a Florida based company, industrial Waste Service (IWS), which Attwoods took over in 1984.
The US company is also being soed in the US for alleged large-scale pollution.

The programme — A Special
Relationship — claims Mr
Thatcher and the other Attwoods directors knew IWS was under investigation for anti-trust offences before the takeover. The programme also claims the two directors were involved in business dealings

A Downing Street spokes-woman said the Prime Minis-ter's office never discussed the affairs of the Prime Minister's

with a Mafia figure in the

husband. The payments to a public official were made in 1985 when IWS, Attwoods' main subsidiary in the US, was negotiating an exclusive contract with the City of Opa Locka in Greater Miami for the collection of commercial waste.

When subsequent consulta-

tions failed to break the dead-

lock, the US threatened retalia-

tion under Section 301 of its

From the beginning of this month, however, the EC has agreed to lower its 1989-90 sub-

sidy rates for canned peaches.

According to the US side, US

and EC officials "have clarified their interpretation of the 1985

agreement to forestall future

Once the modifications to EC

regulations have been formally edopted by EC member states the US will drop its so-called

100 per cent. Details of the new plan have

not yet been revealed, and some businessmen were still

pessimistic about prospects for obtaining debt assistance from

For one thing, it is not et all clear how the cash-strapped

Venezuelan Government will

be able to find money to finance such a plan, especially since it has told the interna-

tional Monetary Fund that it will reduce its fiscal deficit this

be able to obtain foreign cur-

rency to repay their debts at the old official exchange rates

stipulated in foreign exchange agreements signed before the current Administration took

office in February of this year.

a small part of the overall pri-

vate sector foreign debt prob-

But this measure only covers

"301 Investigation"

Caracas plan to help

companies pay debts

cuts in government staffing levels, by eliminating some 35,000 posts next year. The Government must now The two Attwoods main board directors concerned are frame its draft budget for 1990 Mr Jack R. Casagrande and Mr Ralph Velocci, who run the within the limits imposed by group's US operations. They paid \$10,000 (£6,450) to Mr John Riley, the mayor of Opa Locka, the guideline law. Congress must approve a budget by November, when presidential elections are to be held. weeks before he chaired a



Denis Thatcher

meeting of the City Commission, which awarded the contract to IWS against the advice of the city manager. The payments were made to Mr Riley indirectly through a lawyer's trust account.

According to Mr David Cooper, a partner in Attwoods' solicitors Gouldens, these were purely personal payments involving e property transac-tion". He was unable to give further details. But the board maintains that these were legitimate business dealings and is standing by its two American directors.
Mr Casagrande and Mr
Velocci came under suspicion

in 1985 when the Miami police secretly taped the telephones of Mayor Riley during an investigation of alleged corruption at Opa Locka City Hall. Telephone conversations between Mr Casagrande and Mayor Riley on November 6 and 7, 1985, three weeks after IWS had formally applied for the Opa Locks waste contract,

the Opa Locks waste contract, led the police to seek permission from the courts to continue their wire taps.

The Channel Four programme revealed bank details of the payments made to the mayor, including cheques and deposit slips bearing the signatures and initials of the two Attwoods directors.

The two Attwoods directors were subpoensed in April 1986 to appear before e Grand Jury investigating the Opa Locka affair. To date neither has been charged with any offence arising from their activities relating to the contract; nor has Mayor Riley. The Grand Jury has made no

public pronouncement. The Miami police file on the affair

remains open.
Asked at what point Mr Thatcher and the Attwoods board became ewars of the board became ewars of the payments, Mr Cooper said be thought they became aware at the time of the Grand Jury investigation. "The Attwoods board did consider the matter," he said, "and they accepted the version which was given to them both by Jack Casagrande, Rahn Velocci and the [Mr Casagrande's and Mr Velocci's] agrande's and Mr Velocci's] American attorneys".
The board regarded the pay-

ments, said Mr Cooper, as "a

minor personal matter, a matter for those two parties". It was not something for the Attwoods board to take further, he suggested, because charges had not been laid. Mr Cooper said the timing of the deal was "unfortunate".
With hindsight, he said, neither party would have wished to have involved himself in the deal because it did not look good to the outside world.

The association of Mr Denis Thatcher's name alongside the controversial American directors of Attwoods has attracted earlier attention on both sides of the Atlantic.

Before sentence was passed on IWS in a Florida anti-trust case in 1986 IWS's lawyer pleaded in his client's favour that IWS's British owners included very prominent peo-pie, "perhaps the most promi-nent being the husband of the British prime minister, Mar-garet Thatcher." Mr Thatcher is a non-executive deputy chairman but he is known to be active in promoting

Attwoods interests.

Mr Thatcher - who is also a director of other companies including Pitney Bowes – said in 1986 that he was "com-pletely satisfied (that IWS) was

above board".

Mr Jack Cassgrande has also been embroiled in a protracted legal wrangle in the Florida courts over charges of theft and conspiracy. Yesterday a judge found that while there was sufficient evidence to prosecute Mr Cassgrande, there ecute Mr Casagrande, there were deficiencies in the filing of the documents setting out the charges. He therefore dia-missed the charges. The prose-cutor has said the State of Florida will appeal immediately. At the centre of these legal proceedings is a deal between a New York-based company with which Mr Casagrande has been associated, Urban Waste Disposal, and the local authority

at Marion County in Florida. Urban Waste Disposal claimed to be able to operate a machine which was said to extract high grade fuel oil, gas and solid fuel from waste and which never went into opera-tion. The Florida State Prose-



Rainh Velocci, left, and Jack Casagrande

cutor will continue to claim, on appeal, that Mr Casagrande and others defrauded the local sutherity of profits from the dump site because they prom-ised to deliver the machine knowing from the outset that it would not work. Court documents assert that

Mr Casagrande was a director of Urban Waste Disposal from 1982 to 1987 and a shareholder. Mr Casagrande's lawyers claim that he was registered as a director through a clerical error and resigned in 1967. Also involved is Mr Rocco Veloci, a director of the Attwoods subsidiary at the time it managed the Ocala landfill site. While charges of

theft and conspiracy against

Japan ponders new ways to run the shop

him were dropped yesterday, he still faces two charges of racketeering and conspiracy to Mr Velocci had been involved in marketing the con-

troversial waste-to-energy machine in Florida and in Long Island New York, where he did so in the company of Mr Salvatore Avellino Jr, an identified member of organised crima who represented the interests of the Mafia's Luchese family in the Long Island chese family in the Long Island waste industry. Mr Rocco Velocci is a brother of Mr Ralph Velocci who sits on the Attwoods main board.

John Plander presented the Channel Four programme

Washington and EC

close to peace pact over fruit subsidies

By Tim Dickson in Brussels

THE European Community and the US appear to have set the seal on a deal which will limit the level of subsidies paid to EC canners of peaches and

The agreement resolves e dispute which srose last August when Washington noti-fied the EC that new subsidy rates for processors exceeded levels allowed under the terms of a November 1985 US-EC canned fruit agreement.

A US official in Brussels said

yesterday thet the trade in question is worth between \$10m and \$20m and involves Greece, Italy and Spain.

By Joe Mann in Caracas

THE Venezuelan Government is working on a financing plan

to belp private companies repay several billion dollars in overseas debts related to out-

overseas debts related to but standing letters of credit, according to an Administration

The president of Venezuela's

The president of veneral according to the control of the control o

that it could cover between

\$3.5bn and \$5bn in outstanding letters of credit owed by Vene-zuelan companies and secured by local commercial banks.

Venezuelan importers, who owe international suppliers an

estimated \$6bn via letters of credit, were hit hard by a unifi-cation of Venezuela's two for-

eign exchange rates in mid-

March of this year.

Prior to the unification, qual-

rnor to the unincation, qualified importers could obtain foreign exchange from the central bank at the official exchange rate of 14.5 bolivars per US dollar to settle letters of

Now, however, most importers and others with foreign debts are obliged to purchase foreign exchange on the free foreign exchange the dollar is

market, where the dollar is

trading at around 87-38 boli-

vars. Local currency costs for repaying foreign obligations thus have risen by well over

textiles suffer cut in orders

By Alice Rawsthorn

Western

THE world textile industry began 1989 sluggishly, with many of the major Western production centres experience ing a fall in output and orders, according to the latest statistics from the International Textile Manufacturers' Federation in Zurich.

Some Asian industries, such as South Korea and Taiwan, boosted textile production in the first quarter, compared with the same period in 1988. But the level of activity across the world industry was rela-

tively depressed. Some of the most important western European production centres, including West Ger-many and the UK, saw output fall and stocks rise in the first quarter. The US and Canadian industries also faced difficul-ties.

The UK textile industry suffered more than most of its competitors. Spinning produc-tion levels fell by 24 per cent, while weaving output declined by 8 per cent. The UK weaving sector was also burdened by higher stocks.

Switzerland was the only other country to record lower production levels in both sec-tors.

West Germany and Italy experienced a fall in spinning output, while Canada and the US suffered pressure on pro-duction in the weaving sector. The spinning sectors of Italy, Japan and Sonth Korea saw

three-year credit programme for Venezuela worth around stocks increase. The level of weaving stocks rose in South Korea, Pakistan and the US. \$4.6bn. Earlier this year the Government announced another scheme under which As an international industry world textiles' tends to see its importers could obtain dollars pattern of trade influenced by et the old official exchange rate to cover part of their letter of credit obligations. exchange rate movements. The South Korean and Taiwanese industries benefited from the weakness of the US dollar - to Last week the Government announced that Venezuelan which their currencies are related – by boosting output in spinning and weaving dur-ing the first quarter.

The dollar has since companies with debts to government-owned export promo-tion agencies overseas would

strengthened. This may affect the flow of the textila trade by making the Western European industries slightly more competitive against their Asian competitors. But it tends to take several months before changes in exchange rates affect the pattern of the world textile trade.

Talks with US begin soon on structural blocks to trade, writes Peter Montagnon **US trade deficits**

WORLD TRADE NEWS

HE PRICE of golf balls is a subject of considerable interest in Japan. In Tokyo they cost seven times the retail price in New York. In drawing attention to this disparity at e recent business-men's lunch in Tokyo, Mr Shi-geo Muraoka, vice minister for international affairs at the Ministry of International Trade and Industry (Miti), was doing more than lamenting the high cost of one of Japan's favourite

It was just one example, he said, of big price differentials said, of big price differentials between Japan and the rest of the world in a wide range of goods and services from electricity to pork chops to taxi-rides. Recognition of this has prompted a belief in Japanese government and business that the internal functioning of the country's economy is inefficient and in need of structural

reform.

Enter the administration of President George Bush in the US with its proposal for bilat-eral talks on structural impediments to trade, and it would be easy to assume that the two countries have at last arrived at some common purpose.

However, Japan retains an abiding suspicion of the US objectives in such talks. The fear in Miti is that they risk being one-sided, based on misconceptions, and could back-fire, heightening trade tensions because of unrealistic expectations in Washington of what they can achieve.

The Bush administration's new-found preoccupation with

Japan's economic structures stems from the failure of earher efforts to redress the trade imbalance with Japan through currency depreciation and the removal of physical barriers to

The fact that the US deficit with Europe has shrunk while that with Japan has not sug-gests to policy-makers in Washington that the root of the problem must lie else where, in the intangible economic and social structures of the country itself. In particular, US attention is

focused on Japan's retail distri-brition system, which is thought to deter imports of consumer goods by making it difficult for large retailers which stock foreign goods to open new outlets. Lack of competition for pub-lic works and other contracts in Japan has also come under

scrutiny, because business is routinely shared out among ndividual companies. In addition, the land taxation system discourages residential

building development. This pushes up housing costs, forcing Japanese to save more and consume less.

Conducted ontside tha framework of the Super 301 complaints under the US Trade Act of last year, the talks, due to begin at the G7 summit in Paris next week, are to be engaged without any explicit threat of sanctions. The hope is

With Japan With EC

Source: OECD Foreign Trade Statistics prospects of a significant rever-sal of a trade imbalance which last year amounted to \$55.4km

in Japan's favour.
Part of Japan's ambivalence to this approach stems from its concern that the US may have become an unreliable negotia-ting partner in the wake of the FSX affair, in which the Bush Administration was obliged, under pressure from Congress, to re-open negotiations on the joint development of a new fighter streraft.

Yet its main fear is that the US will blunder into the talks with development of the talks with development of the talks.

with demands that are politi-cally difficult and which fall to meet the immediate objective of restoring trade equilibrium. Within the Japanese govern-ment the 43 per cent rise in export volume last year has

been greeted with some dis-may, it is a reminder of an economic dependency regarded as no longer sustainable

"The post-war emphasis on production must go," says one senior trade official. To achieve this, consumption must be encouraged and the distribu-

encouraged and the distribu-tion system reformed.

Miti has already moved to announce a change in the application of the retail law which will make it harder for Japan's 1-am small shopkeep-ers to block the establishment of large stores. But the law theast is not to be changed and of large stores. But the law itself is not to be changed and isome experts, such as Mr Makuto Kuroda, until last year a top Japanese trade negotiator, doubt whether such a change will make much difference to

Only 10 per cent of US exports to Japan are consumer goods. Some US companies, such as Cocs-Cola and Schick, which controls 70 per cent of the razor market, have success-fully established e presence even under the present system. Some Japanese economists, such as Mr Noya Takebe of the industrial Bank of Japan, believe the US is wrong to associate Japan's high savings rate so closely with its high land prices. The cost of housing has prompted a wave of "desperate consumption" spending by young people who spending by young people who can no longer afford to buy a house, he says. The savings rate is also the product of Japan's still relatively poor social security benefits. Japanese officials believe

that more inquiry is needed before an internal consensus can be reached on what has to be done. If the talks with the US help in this respect, they are to be welcomed, on condition that the discussion is extended to structural problems facing the US, such as its how savings rate, poor invest-ment record and budget deficit.

ment record and budget deficit.
Yet they worry that an
"over-hasty" approach, as Mr
Muraoka describes it, risks
stunting internal reform pressures by arousing anti-US feelings. It could put Japan in a
bind which some say is worse
than the Super 301 action
against Japanese trade practices in satellites, supercomputers and wood products.
Though Japan has refreed to Though Japan has refused to negotiate on these issues under threat of sanctions, officials

1

say privately that it should be possible to resolve them pro-viding the right forum can be found.

Implicit in the public state-ments of US officials recently in Tokyo for bilateral talks in the threat that Congress will not be satisfied unless results are achieved quickly. Frustration could lead either

to tougher action against Japan when the Super-301 process is reactivated under the Trade Act next year, or to pressure for managed trade, which Japanese officials now say they ablor.

Worst of all, it could eventu-ally provoke fresh US trade legislation directed specifically at Japan.

that they will achieve some-thing that US officials pri-vately acknowledge the Super 301 complaint will not - real Malaysia in chemicals drive

By Lim Slong Hoon in Kuala Lumpur

national oil company, is to invite international bids in November for a \$130m, 80,000tonne-a-year polypropylene plant, in a move towards building a national petrochemical industry.

It has begun calling for pre-qualifying applications.

A combined 800,000-tonnesa year methyl tertiary butyl ether (mtbe) and 80,000-tonne propylene plant costing \$200m is also planned.

Both projects are scheduled to start up simultaneously in Liquefied petroleum gas feedstock will be piped in from

PETRONAS, Malaysia's a gas processing facility in national oil company, is to Trengganu State. Methanol will be delivered from Sabah. The polypropylene project is a departure from the ethylene and polyethylena plans initi-ated by Petronas in 1982.

Petronas president, Mr Azi-zan Zainul Abidin, said recently the oil company pre-ferred to have a minority stake in the ethylene projects, leav-ing most of them to the private

Tha company has received several proposals so far, including one from Japan's Identity Petrochemical, one of the mtbe and polypropylene

Apart from Idemitsu, the Finnish oil corporation Neste Oy also has a minority stake. Petronas will own a majority shareholding, 60 per cent in the mibe plant and 55 per cent in the polypropylene. Both projects are to be 70 per cent debt-

About half Petronas' polypropylene and mitte production will be exported to its Assan neighbours and Pacific countries such as South Korea and

In Malaysia, polypropylene consumption last year was 50,000 tonnes, rising at an estimated 3 per cent a year.

Indian group aims to build oil refinery in Dubai INDIA'S Reliance Industries

will raise \$540m (£317m) from international capital markets to build an oil refinery in Dubai, subject to Indian government permission, Reliance's director, Mr Anii Ambani, said, Reuter reports from Bombay. A Dubai government institu-tion, the Kuwaiti Investment Authority, and other interna-tional investment companies

tional investment companies had expressed interest in the project, Mr Ambani added.

The project, a joint venture with the Dubai government in the Jabal Ali free trade zone, is expected to be on stream by the end of 1991 or early 1992.

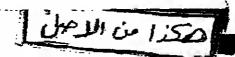
"Getting Indian government." "Getting Indian government

permission will be no problem," Mr Ambani said.
The project would be the higgest joint venture undertake by an Indian private sector company, he added The refi-nery will have projected annual capacity of 6m tormes. Reliance's chairman Mr Dhi rubhai Ambani, said the project would be the first step in his plans to expand his group of three companies ontside India and put his group on the world economic map.

I want it to be in Fortune

[magazine's] 500 [top compa-nies of the world]. Dubai is the first step," Mr Ambani

المكذا من الاعلى



"ALTHOUGH

WE DEAL

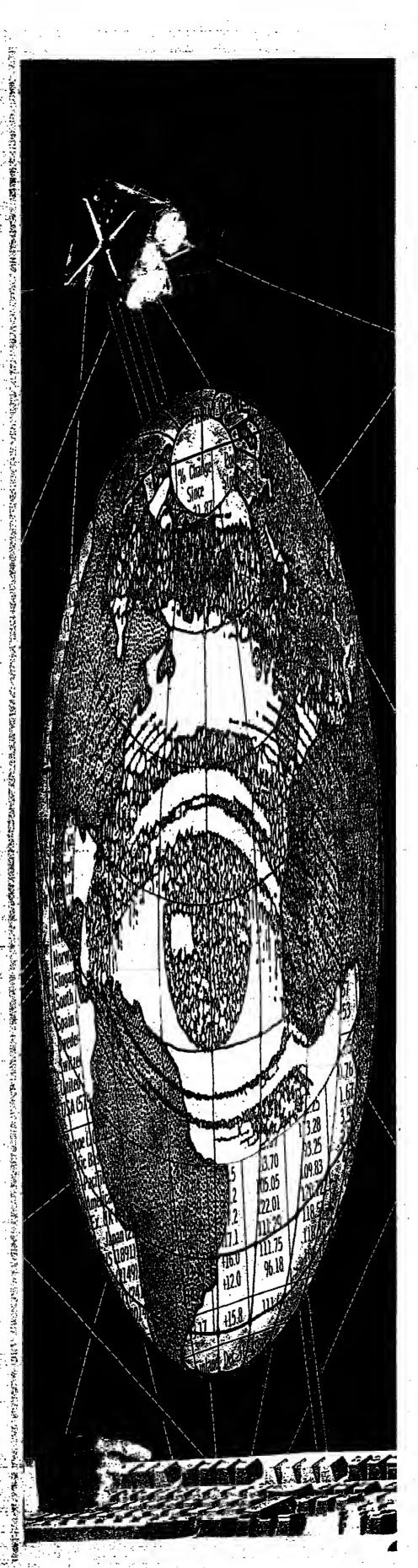
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UK NEWS

Tory move 'will jeopardise MEP co-operation'

THE leader of the British Labour Party's 45 newly elected Euro-MPs warned yesterday that co-operation between the Socialist and Christian Democrat groups in the new European Parliament will be "seriously threatened" if the latter grouping accepts the "ragged rump" of British Conservatives into its ranks.
Mr Glyn Ford, on his first
visit to Brussels since his
party's successful performance
in the European elections, was

the second largest of the key cross-border political groups in the Strasbourg assembly. His remarks are significant given the previously close co-operation between the Social-ists and the EPP, notably in securing the 260-vote majority in the Parliament needed to influence certain EC legisla-

commenting on last week's decision by the 32 surviving British Euro-Tories to attempt

to align themselves with the Christian Democrats, or EPP,

Mr Ford claimed that the Tories were "routed" during the June 15 elections and that they faced "further humiliation as they scavenge around for an dentity in the European Par-

He added: "They have been deserted by their former Spanish colleagues, but now they seek a marriage of cash and convenience with the Christian

Democrats to whom those Spaniards fled," referring to the earlier defection of the Spanish Conservatives from the European Democratic

Mr Ford, whose Labour Party members will now be the largest national bloc in the 180-strong Socialist Group, said that he hoped the Conservative's advances would "quickly be spurned." He added that he has written to the EPP Group to express his concern.

He reminded the EPP that it could not necessarily count on Socialist support for the widely touted plan to share the presidency of the Parliament between the two groups over the next five years.

Mr Ford said that the British Labour group would use its strength in the new Parliament to open "an important second front on Thatcherism." Labour, meanwhile, would

be giving a "strong push" to environmental issues. · Labour is to support moves by Australia and France

to declare Antarctica a nature The issue, discussed last month by Mr Nell Kinnock, Labour leader, and Mr Bob Hawke, Australia's Prime Minister, will be raised at a meeting in Paris in October of the Antarctic Treaty consultative

Labour warns on alignment plan Yamazaki charged over local content rule Facsimile machine

YAMAZAKI, the world's biggest machine tool maker, has falled to meet agreed criticate on local content and technology in its UK production plant economics to a confider.

Yamazaki built the Worces-plant economics to a confider.

Yamazaki built the Worces-plant economics to a confider.

Yamazaki built the worces-plant economics accounts do not the company's accounts do not the company and the company said. plant, according to a confidential report by the European machine tool makers' association, Cecimo.

Following a visit to the Worcester plant by Cecimo members in April, the association is asking EC officials to moultor and control more closely the European content of machines Yamazaki produces in the UK. Yamazaki said many figures

in the report were incorrect and that the Cecimo members

ADVERTISING expenditure in

the UK will total \$13.45bn this

year although the rate of increase is gradually slowing

down because of the effects on the consumer and industry of

exchange rate policy.

The estimates come in a fore-

cast of worldwide advertising

expenditure by Saatchi & Saatchi, the advertising group.

Last year, advertising expen-diture in Britain grew by 17.3

per cent to \$12bn, a year in which company profits grew by

18 per cent.
Spending on newspapers in the UK this year should total \$5.7bn compared with \$2.67bn for magazines and \$4.2bn for

television. Saatchis believes that the

advertising industry will con-

tinue to be relatively recession

proof and that companies will

company said. Yamazaki built the Worces-ter facility with the help of 55.2m of grants, including one related to the introduction of what is called a flexible manufacturing system (FMS).

The plant began production two years ago. Its production build-up is behind schedule, but Yamazaki says it is making about 65 machines a month and sims to raise production to

75 by the autumn.

The Cecimo report says it does not believe local content is more than 50 per cent. It also

Advertising market to hit \$13.5bn

continue to support brands despite difficult economic cir-

cumstances; however, the agency expects the rate of growth to drop to 8.4 per cent in 1990 and 7.8 per cent in 1991.

Spending worldwide on the

five major media - print, tele-vision, radio, cinema and out-

door - totalled \$176bn last

year, an increase of 10.8 per cent. Growth of 8.7 per cent is

forecast for this year, a rise of 4 per cent in real terms. Uncertainty over the US

economy, according to Saatchis, is continuing to affect the US advertising mar-

Last year, growth in GDP exceeded the growth in advertising expenditure - the first time that had happened since

Total spending in major media totalled \$75.8bn with

should be very high, but the company's accounts do not show this - Yamazaki'a UK operations have so far declared

Mr Less Pratt, Yamazaki's marketing manager in the UK, said the electronics and drives were brought in from Japan, as they are for many British machine tools.

Hydraulics and castings, however, were mainly sourced in the UK. Cecimo was wrong in believing hydraulic equipment came from Japan and

\$80.4bn forecast for this year.

Saatchis believes spending

on the US television networks

will rise by only 3 per cent as cable and local television sta-

tions continue to est into net-

Spain remains the fastest

growing European advertising

narket in real terms and is

expected to advance at more

than 20 per cent a year in con-

stant prices to 1991. It is expec-ted to take one of the top five

world advertising markets slots now held by the US, Japan, UK, West Germany and

The data in the Sastchi fore-cast is expressed in US dollars at the average rate for 1988. * Advertising Expenditure Pore-casts. Scatchi & Santchi Group.

Berkley Square, London WIX 5DH. £100.

Cecimo had used different timescales for figures on turnover, employment and for machine sales, Mr Pratt said. It was also understandable that an operation made a loss dur-

mg start-up.
Part of the FMS grant was conditional on Yamazaki providing opportunities for technology transfer. The Cecimo report says there is nothing new in the company's FMS.

Mr Pratt said the Worcester plant's tool management and flexible production in sheet metal were new to the UK and

Australian groups agree lignite deal

TWO Australian groups have reached agreement to continue exploration of a major North-ern Ireland lignite deposit which could fuel the province's

next power station.

Meekatharra Minerals, the
Sydney-based minerals company, has signed a joint ven-ture agreement with BHP-U-

money in County Antrim. Under the terms of the agree ment BEP-Ush will hold 50.1 per cent of the equity in the project and will assume responsibility for project devel-opment, construction and oper-

Meekatharra will hold the remaining 49.9 per cent and will be reimbursed \$1.25m by BHP-Utah in respect of past development expenditures. Meskatharra will also fund the next £2m of continuing project

case last year that it could provide the cheapest electricity in Europe by developing a mine month station at Ballymoney. It is thought that lignite will eventually have to be exploited to meet Northern Ireland's

the company had welcomed many visitors from the machine tool industry to

By Our Belfast

tah, a unit of Australia's Broken Hill Proprietary Com-pany, to continue investiga-tions near the town of Bally-

costs. Meekstharra made a strong

growing demand for electricity.

market slows after four boom years

By Terry Dodsworth, Industrial Editor

SALES GROWTH of facsimile SALES GROWTH of tacsimile machines in the UK has slowed significantly in the last six months after four years of soring expension in which the market doubled every year.

The slowdown, which has been accompanied by increasing competition and tighter marging means that imit sales.

margins, means that unit sales growth this year will probably show a gain of only 40 per cent on 1988. At the beginning of the year, the industry was forecasting an expansion of at least 50 per cent, and some manufac-turers had set their sights

higher.
Total sales in 1989 are expec-ted to reach between 270,000 and 280,000 compared with 200,000 last year, when sales grew by a little over 100,000 machines from 98,000 in 1987. In 1984, the industry sold only 10,000 units.

Facsimile manufacturing is dominated by Japanese compa-nies, led in the UK by NEC, Canon and Panasonic with between 15 and 20 per cent of

During the boom in fax sales, when demand has often outstripped supplies, producers have made handsome financial

Such profitability, however, has brought a rash of new com-panies into the industry. The number of suppliers has increased from about six just three years ago to 36, with several retailers and service companies such as British Telecom also selling products made for them by Japanese producers.

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Manufacturers believe that this year's slower growth is due to a variety of factors. Sales last year were artificially boosted by the postal strike in autumn, which led to a hig surge in the market.

At the same time, suppliers say smaller business customer are showing increasing cantion over new capital investment at present because of the rise in interest rates. The industry has also lacked any important new technological gimmick to stimulate interest.

Nevertheless producers believe that the fax industry will continue to be a big growth sector over the next few years. About 75 per cent of sales last year were to new users, and it is estimated that only about 15 per cent of Britain's 14m small businesses

ICI ethylene plans may raise overcapacity fears

IMPERIAL Chemical Industries, Britain's biggest chemicals group, is considering a big expansion in ethylene in a move which may raise fe of overcapacity in the material in the 1990s. Mr Rainh Hodge, deputy chief executive of ICI's chemi-

cals and polymers group, said the company was examining the possibility of reopening an ethylene plant at its large chemicals complex in north east England,

Capacity, would, be about 450,000 tomes a year of ethylene, which is used in plastics and industrial chemicals. That

would add to ICI's existing production of 600,000 tonnes a year of ethylene at Teesside: some third of UK output.

Mr Hodge, speaking at a pet-rochemicals conference, said the cost of restarting the plant, at about £150m, would be roughly half that of a new unit. The appoundment may free fears that European chemical industry is preparing for over-zealous investment in output of chemicals in the early 1990s. Several big European produc-lers of citylene have said recently they are considering increasing production. Conference report, Page 2

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Business faces severe graduate shortage

By David Thomas, Education Correspondent

DEMAND for new graduates is

DEMAND for new graduates is so intense this year that two-thirds of employers are experiencing recruitment difficulties, graduate employers reported yesterday.

In consequence, the average starting salary for a 21-year-old graduate with a second class honours degree is expected to be £10,250 this summer 10.2 per cent up on last year.

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year.
At the end of the recruitment season, 7.5 per cent of graduate vacancies will prohably remain unfilled, a higher shortfull than last year.
Openings in manufacturing production, computing, finance and accountancy are most likely to stay vacant.
The Association of Graduate Recruiters, representing more

The Association of Graduate Recruiters, representing more than 500 graduate employers, released these comments on this year's graduate recruitment round yesterday.

"It's getting steadily tighter and each year it appears to get worse. The students know it's a seller's market," said Mr Stuart Rochester, the association's secretary and a partner in chartered accomments Nevin chartered accountants Neville Russell

ille Russell.

The association, together with the Association of Graduate Careers Advisory Services, representing third level careers officers, is predicting graduate recruitment difficulties for even the best-known companies in the next few years as the mumber of years. years as the number of young

people declines.

There are signs too that the programme to complete the internal European market in 1992 is beginning to affect both employers and job hunt-

More UK companies are try-ing to recruit graduates from continental Europe, but some employers believe the UK will see a net outflow of new grad-uates to the Continent.

Definitive figures on last year's graduate recruitment round were also published yes-

These show a continuing job hunting by taking a year off after college or by waiting

was a slight drop in the pro-portion of graduates choosing areers in finance, especially banking and insurance, with the manufacturing industry

showing some gain.
Mr Rochester said this reflected the fluancial sector's adverse publicity following the shake out in the City of Lon-don after financial deregulation and the stock market

Careers officers reported that employers have this year been considering a broader range of candidates than in

the past.
They are reviewing recruitment methods, graduate pay levels, and training and test

They are offering more vaca-tion courses, open days and work experience in a hid to attract final year students.

· First Destinations of Union of Higher Education Graduates of 1988. Central Services Unit, Crauford House, Precinct Centre, Manchester M13 9EP. Three

as credit continues to rise

UK consumer credit

Changes in amount outstanding

May 1988

Further strong consumer

spending growth would inten-

1989 May

By Ralph Atkins, Economics Staff

SIGNS that British consumers may have shrugged off high interest rates came in official figures yesterday showing a record increase in credit and an upward revision to retail

to an upward path after remaining flat since last sum-mer, the Department of Trade and Industry figures indicate.

Demand for credit also continued to grow despite the steep increase in base rates.

Outstanding consumer credit increased by £505m in May after adjustment for normal special providers.

seasonal variations, That com-pared with an average of £300m in the previous three

At the same time, retail sales volumes jumped 3.0 per cent — the largest mouthly increase for more than two years. Earlier estimates had shown a rise

of 2.5 per cent.

The figures suggest consumer confidence remains buoyant, reflecting high earnings, a stable rate of saving and rapid growth in employment. Households may also have readjusted spending behaviour as the full effect of

Sunday post

service to

resume as

prices rise By Terry Dodsworth, Industrial Editor

BRITAIN's first and second

class stamps will cost in more in October, an increase of about 7 per cent for second class mail and 5.3 per cent for

letters sent by the faster first

The rises, from 14p and 19p

in each case, come just a year after the last stamp price rises. They were announced yester-

day at the same time as a deci-aion to begin the reintroduc-tion of Sunday postal collections, also in October.

The Post Office plans to invest about £20m a year in the

new collection service from

increases to the Post Office ers' National Council yester-

day, Mr Bill Cockburn, manag

ing director of the Royal Mail, said that they were well below the rate of inflation.

Including the rises for the higher weight inland letters, the increases would account.

the increases would amount to 6.4 per cent overall, compared

8 per cent, he said. He said UK letter prices have

He said UK letter prices have fallen 12 per cent in real terms in the last five years against the retail price index.

Mr Cockburn added that the higher prices would help to pay for the Post Office's service improvement programme and for a big increase in capital expenditure. Spending was planned to double in the posts business in the next five years.

business in the next five years

Sunday collections were abandoned in 1976 when the

abandoned in 1976 when the Post Office hit a financial crisis and needed to cut costs.

Despite the drain on profits caused by the postal strike last September, which was calculated to have cost the Post Office about £40m, the company made a £12m operating profit at the half year.

The Post Office said vester-

The Post Office said yester-day that the cost of introduc-ing the new collections service

ld include the use of 4,500

selected post boxes.

sify fears of higher interest rates. Mr Nigel Lawson, the Chancellor of the Exchequer, increased rates largely because of the undestrable side effects of fast economic growth on inflation and imports.

Mr Bill Martin, chief UK economist at UBS Phillips & Drew, said: "Domestic demand higher mortgage rates has worked through.

However, the retail sales figures continue to point to a is growing faster than the UK's

productive potential and the kind of growth raiss we are seeing in other coun-tries. The consumer ain't dead yet."

The Treasury warned that retail sales figures were often erratic, while May's figures could have been distorted by unseasonally mild weather. It said other indicators such as consumer goods imports and the housing market continued to point to a slowdown in the

consumer sector.

The credit figures include lending on bank credit cards and by finance houses, building societies, retailers and other specialists credit providers. They show a jump of £138m in the amount outstanding on bank credit cards during May — compared with marked slowdown since last year. In the three months to May, sales were 4 per cent higher than the corresponding period a year earlier — down from peaks of 7 per cent last ing May - compared with fl3m in April.

There was also a rebound in lending by retailers, after net repayments in April. Total outstanding consumer credit agreements stood at \$28.38tm at the end of May.

New credit advanced, before accounting for repayments, rose by £4.18bn in May, compared with £3.87bn in April. The DTI's seasonally-adjusted index of retail sales voltimes stood at 124.5 (1985-100) in May compared with 120.9 in April.

Retail sales revised higher Railway unions reject 'talks about talks'

BRITISH Rail abandoned its union turned down BR's invitaplanned peace talks for today after the three biggest rail unions refused the corpora-tion's invitation for informal "talks about talks" on the rail

dispute. With a third national 24-hour With a third national 24-hour rall strike set to proceed tomorow, along with a strike by London Underground workers. Mr Paul Channon, the Transport Secretary, said yesterday that Hyde Park and Regent's Park would be opened to create 7,000 free parking spaces.

The National Union of Railwaymen, the Aslef drivers' union and the clerical TSSA

tion to discuss collective bar-gaining. The unions want to meet under the auspices of Acas, the conciliation service, to discuss changes to both bargaining machinery and pay, the two issues at the heart of

the dispute.

Aslef leaders also confirmed yesterday that its drivers on London Underground will strike tomorrow and ordered a further two 24-hour Tube strikes for Wednesday July 12 and Tuesday July 18.

Aslef's choice of a Tuesday for its Underground strike will leave London commuters fac-

ing travel disruption for two successive days as the NUR has voted for an Underground strike on Wednesday July 19, in addition to tomorrow and next Wednesday. London's 18,000 bus workers

are also set to strike tomorrow over their pay claim. This will be their third day of action be their third day of action over a pay offer of 8.3 per cent made by London Buses.

Engineers in British Rail's workshops yesterday voted to join the rail strikes. A postal ballot among 2,500 Amalgamated Engineering Union members produced a large majority in favour of industrial action

The NUR conference at Newcastle voted unanimously to reject British Rail's invitation for talks on changes to national bargaining machin-ery, dismissing it as "a mean-ingless stunt."

Mr Knapp said the union was not prepared to separate the issues of pay and bargainting arrangements. "I do not think we should waste our time going to meetings to talk about talks," he said, "The issues are there. Let's get all our cards out on the table.

Trident spending forecast | Merger to create biggest to reach £1bn in 1990

SPENDING on Britain's Trident muclear submarine pro-gramme is expected to rise to an annual peak of £1.025bn in 1990-91, the House of Commons defence committee said in a report yesterday. The rate of expenditure will then decline gradually, writes Lynton McLain.

The committee criticised the Ministry of Defence for having to bear additional costs, in the region of several millions of pounds, because of "a strike for which it had no responsibil-ity" - a reference to the three-month strike at VSEL,

the Trident submarine builder,

last year. The contracts for the first two Trident submarines, HMS Vanguard and Victorious, included force majeure clauses which allow the company to claim extra time on contracts under certain circumstances one of which was an industrial dispute affecting the company or a sub-contractor.

or a sub-contractor.

By the end of last year, nearly a quarter of the total budget for Trident, just over £2bm, had been spent, with 44 per cent of the expenditure committed by December 1988.

UK circuit board maker

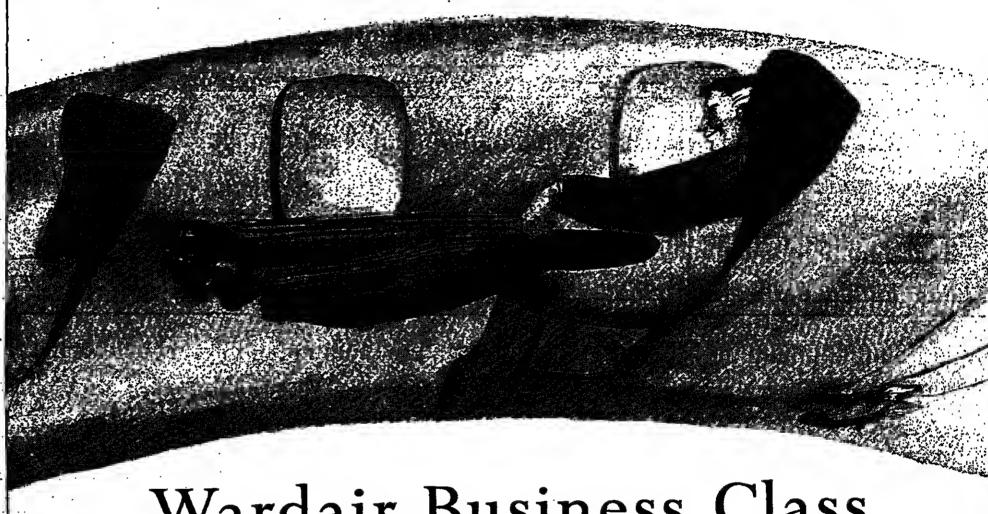
EXACTA, an unquoted maker of printed circuit boards, has agreed to take over Bepl, another Scottish printed cir-cuit board maker, in a £6.2m deal with Cambridge Elec-tronic Industries, Bepi's sole shareholder, writes James

The transaction will create what is in terms of turnover the UK's largest maker of printed circuit boards (PCBs), which are an important component of electronics products Under the agreement, which should be finalised in the next few days, Exacta is paying

£3.15m in cash for Bepi and E3.15m in cash for Bepi and issuing 150,000 shares in Exacta to CEI. That will give CEI 20 per cent of Exacta.

Mr Derek Bumpsteed, managing director of Exacta, said that the deal was an amicable one, and a logical development for tha two neighbouring companies, which have comple-

panies, which have comple-mentary areas of operation. Exacta, based at Selkirk, had 1988 sales of £24.4m on which it made a pre-tax profit of £1.85m. Bepl, based at Galashiels, had sales of £12.6m in 1988 and a pre-tax profit of



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vehicles on Sundays, chartered aircraft, and 4,500 employees: BMA attacks plan to penalise doctors

By Alan Pike THE GOVERNMENT was

yesterday accused of hypocrisy and cynicism over its attempts to impose financial penalties on family doctors who fail to meet preventive medicine tar-

Dr John Marks, chairman of the British Medical Association council, said at the opening of the association's conference in Swansea, south Wales, that the diseases to which the targets would apply - cervical cancer and childhood infections such as mumps, measles and whooping cough — were important but in a different league of killers from alcohol

and tobacco.
Yet there did not appear to be any strong move towards introducing random breath-testing, while the failure of the Government to increase taxa-tion on alcohol and tobacco was nothing short of disgrace-

Tobacco kills 10,000 people a year in this country but opposing the tobacco lobby is not as politically rewarding to government as doctor-bashing." Dr Marks said.

32,000 family doctors last month narrowly rejected pro-posals for a new contract con-taining the preventive medicine targets. However, if this is not reversed in a ballot of all family doctors, Mr Kenneth Clark, Health Secretary, is expected to impose the con-

tract from April Today the conference will debate the Government's pro-posed health reforms to which the association is mounting

strong opposition.

Dr Marks said yesterday that when the Government announced the review which led to the policy document no one could have envisaged that it would lead to such a root and branch attack on the

health service. Doctors could not have imag-ined that their advice would be treated as if it did not exist, but this was what had hap-pened. Nothing in the policy document dealt with the main issue which had bedevilled the National Health Service for - chronic under

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e general meeting of shareholders held in Luxembourg on July 3, 1989 has ided to pay a dividend of 0,15 SUS per share on July 11, 1989 to reholders registered at the close of business of July 3, 1989.

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FINANCIAL TIMES

FT LAW REPORTS

Pension is not deductible from redundancy money

BOYAL ORDNANCE PLC v
PILKINGTON
Court of Appeal (Lord Justice
Neill, Lord Justice Bingham and
Lord Justice Mann): June 28 1989

AN EMPLOYEE'S right to set off an employee's pension against his redundancy pay arises only if the pension is to be paid when he leaves his employment or within 90 weeks after he has left. And accordingly, on a transfer of employment from one undertaking to shother, pension samed with the transferor and paid after transfer is not deductible from redundancy imoney due from the transferce despite the deemed continuity of employment, if it was paid or began to be paid when the employee reached 60 before his dismissal for redundancy.

be paid when the employee reached 60 before his dismissal for redundancy.

The Court of Appeal so held when allowing an appeal by Mr Lasife Pilkington from an Employment Appeal Tribunal decision that his employer, Royal Ordnance plc, was entitled to set off his pension against his redundancy money.

Regulation 4(1) of the Redundancy Payments Pensions Regulations 1965 provides: "These Regulations apply... where an amployee who ... would be entitled to a redundancy payment from an employer has the right. fo a pension... which—(a) is to be paid by reference to the employee'n last period of continuous employment with that employer; (b)(Diff it is a immp sum it is to be paid, or fillif it is a periodical payment it is to begin to accrue at the time when the employee leaves the employment with that employee or within 90 weeks thereafter."

LORD JUSTICE NEILL said that on June 22 1958 Mr Pilkington to referee at

on June 29 1958 Mr Pilkington joined the Ministry of Defence at a Royal Ordnance factory at Blackburn, as a progress and

general supervisor.

From then until January 2 1985, he was a civil servant and his employment was covered by the Principal Civil Service Pension Scheme (PCSPS).

As a civil servant he had no right to statutory redundancy payments, but there were provi-sions under an alternative some inder an attendance scheme which came to an end at the age of 60. After 60 a pension became payable by periodical payments and a imp sum.

On May 20 1982 it was announced in Parliament that sublest to Parliament that

announced in Parliament that subject to Parliamentary, approval, Royal Orthance factories should no longer operate under the Government Trading Funds Act 1973, but should operate under the Companies

Services Act 1984 received the Royal assent.

On December 21 1984 Mr Pilkington received a letter informing him that he would ceese to be a civil servent, and would no longer be shie to continue in the PCSPS. The vesting day was January 2 1985, and on that date, about six months before Mr Pilkington reached 60, he transferred to the employment of the company, Royal Ordnance pic.

Mr Pilkington was given two options relating to his pension after he joined the company. Confer the first he would transfer all his accumulated benefits from 1993 into a new contributory scheme. Under the alternative he would allow his existing benefits to be frazen up to the age of 60, and then join the new scheme.

scheme.

He chose the second option.

Immediately before vesting day
on January 2 1985, Mr Pilkington
had diminishing rights under the
PCSPS. On vesting day he lost
those rights but for the remaining six mouths or so he had identical rights under the company
schame.

scheme.

After vesting day he became entitled to claim statutory redundancy rights.

On June 23 1985 Mr Pilkington reached 60. He lost his right to redundancy pay under the company scheme, but retained his statutory rights. At that point he received a immp sum of \$7,500 and an annual pension of about \$2,500.

and an annual pension of about £2,500.

Towards the end of 1996 the need for redundancies in the company arose, Mr Pilkington was selected. On April 3 1987 he left the company, dismissed on the grounds of redundancy.

Shortly, before his diamissal the preserved to restrict the company.

the personnel manager wrote to him about his statutory redun-

the personnel manager wrote to him about his statutory redundancy pay.

He said that Mr Pilkington would be entitled to statutory redundancy pay of 24.740, but that sum was to be offset by the annual value of his pension said himp sum, thus eliminating the statutory payment.

Mr Pilkington spalled for full redundancy payment.

An industrial tribunal held that the company was not entitled to offset pension benefits earned with Mr Pilkington's previous employer, the Ministry of Defence. The Employment Appeal Tribunal allowed arrappeal by the company. Mr Pilkington now appealed.

On the appeal the question was as to the proper construction of regulation 4(1) of the Redundancy Payments Pensions Regulations 1965.

It was not disputed that for the purpose of calculating his redundancy rights Mr Pilkington was

to be treated as if he had been continuously employed by the company since 1859, nor that the company was entitled to deduct the lump sum and pension payable in respect of his actual service with the company between January 1965 and April 1887.

The issue was whether the company was entitled to deduct the sum payable in respect of his earlier service in the Ministry of Defence between 1899 and vesting day, January 2 1985.

The 1985 Regulations had effect as though they had been made under section 98(1) of the Employment Protection (Consolidation) Act 1978, the enabling provision now in force.

Section 98 empowered the Secretary of State to make regulations excluding the right to redundancy payments where an employer as a right to a periodical payment or lump sum pension, to be paid by reference to his employment. "By a particular employer. . when he leaves that employment or kimp sum pension, to be paid by reference to his employment."

Regulation \$(1) of the 1985 Regulations entitled an employer, by giving notice in writing to an employee, to enchude his right to redundancy payment.

Regulation \$(1) provided that the Regulations applied where an employee who would be entitled to a redundancy payment from an employer had the right to a pension which was (a) to be paid by reference to the employee's last period of continuous employment with "that employer"; and (b) if it was to be paid, or to begin to accurac, when the employee's last period of frontinuous employer was not paid by reference to the employee's the employer or within 90 weeks thereafter.

The McMullen for Mr Pilkington submitted first that the pension was not paid by reference to the employee's act period of frontinuous employer.

For McMallen for Mr Pilkington submitted first that the pension was not paid by reference to the employer's last period of pontinuous employment with "that employer," namely the company, but by reference to his supplyment the Ministry of Defence. He said Mr Pilkington had elected to freeze his right under the Ministry of Defence pension scheme, and that his earlier pension had nothing to do with the company.

Mrs Smith for the company argued that the matter was governed by regulation 5(1) of the Transfer of Undertakings Regulations 1981, when read in conjunction with the Ordnance Factories and Military Services Act 1984.

She said that the regulation

and Military Services AcF 1984.

She said that the regulation
effected a statutory novation of
the contract of employment
when Mr Plikington was transferred to the company's employment on vesting day.
Regulation 5(1) provided that
the contract of employment had
effect after the transfer "as if

atendates red librarate

originary mans between the person so employed and the transferee." The 1984 Act provided that regulation 5 should take effect "as nearly as the circumstances permit."

Mrs Smith's argument was cor-

Mrs Smith's argument was correct. The effect of regulation S(1) was to require a person whose employment had been transferred, to be treated as though employed throughout by the transferse company.

In the present case, therefore, Mr Pilkington was deemed to have been employed by the company since 1959, although his employment did not in fact begin until January 2 1965.

Mr McMullen had, however, a second argument.

mill January 2 1985.

Mr McMulen had, however, 2 second argument.

He contended that a pension could only qualify for deduction if it satisfied not only regulation 4(1)(a) of the 1985 Regulations, but also 4(1)(b).

Regulation 4(1)(b) stipulated that the Regulations applied when the pension was a lump sum, if it was "to be paid" when the employer left the employer or within 90 weeks thereafter, and where it was a periodical payment, if it was "to begin to accrue" at the time of leaving or within 90 weeks thereafter.

Mr Pilkington received his pension in June 1985 when the lump sum was paid and when the periodical payments began to accrue. That happened before he left the company's employment.

It followed that the pension he received from his service with the Ministry of Defence did not fall within regulation 4(1)(a).

Both conditions had to be satisfied, however and, as the second condition was not satisfied, the 1965 Regulation's pension.

Accordingly, the Ministry of Defence pension could not be set off against the redundancy payment.

Mr Pilkington's speed was

ment Mr Pikington's sppeal was allowed.

LORD JUSTICE BINGHAM agreeing sald that in British Telecommunications & Burnell 1986;
ICR 35 the Employment Appeal
Tribunal reached a different con-Triomal reached a different con-clusion on very similar facts. That decision was not reconcil-able with the language of the the 1978 Act and the 1966 Regula-

Lord Justice Mann also agreed. For Mr Pilkington: Jeremy McMallen (Gusters). State Smith QC and Anthony Cross (Forbes & Partners; Blackburn).

and the state of t

Rachel Davies Bartster.

NETMANUFACTURING OUTPUT PER HEAD SOURCE: BUSINESS MONITOR PA1002 (1984)

WALES UK

RATEOF GROWTH IN NE W COMPANIES REGISTERED SOURCE: JORDANS

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BUSINESS SURVIVAL RAKE SOURCE REGIONAL PRENDS IN

A PEEK BEHIND

Change your view of Wales. Take a closer look at the economic scene and compare it with the UK as a whole.

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important indicators, it may surprise you to see Wales beginning to overtake the rest of the UK.

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This in turn is creating a lond of great potential that has already been recognised by

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Contact Anna Prokic on (0222) 222666, or write to: The Welsh Development Agency, Peorl

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WE MEAN BUSINESS IN WALES

ASTRONAUT WANTED NO EXPERIENCE NECESSARY.

GLAVCOSMOS, the Soviet Space Administration, has offered a place to a British astronaut on a space flight

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Whoever is chosen will have had no experience because no Briton has ever flown in space # He or she will automatically write themselves into the history books It is fitting that the flight is scheduled to take off on the 30th anniversary of Yuri Gagarin's historic first manned space flight on the 12th April 1991. It will be called the 'Juno' Mission.

The flight touches down eight days later.

The eight

space will

days in

The First ANGLO-SOVIET Space

Mission. be apant on the Soviet Space Station MIR from which the British astronaut will conduct scientific experiments - The MIR Orbital Space Station is a permanently operating laboratory in space' which has been orbiting earth since it first became fully operational in February 1988.

The British astronaut will become a full member of the Anglo-Soviet flight team fulfilling the tasks of an astronaut as well as conducting a series of scientific experiments The mission is carrying no passengers. The aim is to conduct a series of

PURPOSE of the Mission. scientific

The

experiments in space which exploit the virtual absence of effective gravity in an orbiting spacecraft.

Most of the microgravity experiments will be carried out in order to advance our knowledge in basic science, others will demonstrate important principles in education and a few will test advances in space technology The work will encompass biological experiments involving plants, cells, bacteria, and the astronaut.

Experiments ln material science will include the growing of crystals, particularly of proteins, possibly the development of alloys, and the study of fluids under conditions which it is not possible to replicate on Earth.

The First COMMERCIAL Space Flight.

The mission is the first commercial joint vent-

ure between the Soviet Space Administration and British industry.

In fact it's the first ever commercially supported manned space mission of its kind anywhere in this world. (Up until now commercial opportunities in space have

been limited to unmanned satellite launches) R The mission will be funded by companies paying for the research capabilities of the mission as well as by sponsorship (Previous flights from both East and West have been funded by their governments or space agencies and although it will be the first private enterprise space mission, it is operating with the full knowledge and consent of the respective governments).

This will without doubt be just the first of many commercial flights into space, as space becomes an increasingly viable product both academically and commercially.

The catalyst behind the mission is the Moscow

FINANCED? Narodny Bank # This is a

How is

The Mission

City of London bank which this year celebrates its 70th hirthday as an established British incorporated bank.

It specialises in joint ventures and project finance and has provided the seed finance for the marketing and sponsorship raising campaigns 🗷 By co-operating closely with Licensintorg (foreign trade agents for Glavcosmos), the bank helped Glavcosmos

enter commercial markets,

internationally, for the first tims The Russian word for it is Perestroika.

The mission will raise £16M in revenue from the research capability and sponsorship # Commercial organisations will be able to sponsor the flight, the astronaut, or even supply products or services for the mission.

There will naturally be a programme of media events providing coverage of the mission around the world and it will also generate educational programmes, exhibitions and lectures,

The selection process for ths British astronaut,

The Mission CONTROLS?

Who's at

and the design and construction of much of the equipment which will be used to carry out the experiments devised by industry and universities, will he carried out at Brunel University.

The Brunel Institute for Bioengineering is one of the very few organisations. in the UK with experience in the microgravity field and will act as the focus for this work.

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Successful applicants will have proven ability to learn a foreign language and have a high standard of medical fitness They will also have the ability to work as a memher of a team and communicate easily with people from a different background and culture.

Candidate assessment SELECTION starts this Process. month and

at later stages will include a series of demanding medical, psychological, aptitude and stress tests.

The

mission, whilst the other acts as back-up with duties in the running of control experiments at ground level which will be based at a laboratory close to the launch site.

> How to APPLY.

There is no coupon to clip and

The Mission has employed MSL International (UK) Limited as recruitment consultants. They are at 32 Aybrook Street, London W1M 3JL **To obtain an** application form please phone 01-224 2211 (16 lines) between 9am and 7pm on weekdays and 10am and 5pm at weekends The line will remain open until Friday 14th July 1989.

The application closing date is Monday 24th July Only applications on the formal application form will be considered.

These will be completed by November 1989 when two final candidates will be selected to undergo a full schedule of training in the Soviet Union at the Gagarin Centre, Star City - One candidats will fly on the

THE FIRST ANGLO-SOVIET

SPACE MISSION

How Beaver dammed the flow of foreign machine tools

Nick Garnett reports on the survival instinct demonstrated by a small private British company

walked into the North American machine tool show in Chicago and scanned the array of new Japanese metal-cutting machines

on display.

Enclosed in cabinets, operated by computer controls and with machining "beds" slanted to allow easy disposal of waste metal, these new style machines were destined to rum a lot of machine tool makers in Britain, the US and France.
"When we saw these machines we knew that we had to revamp our company or call it a day. It was as simple as

nat," says Balding. Beaver, the family-owned machine tool maker which Ralding's father Victor started in Norwich in 1951, and of which he is managing director, did not call it a day. In the grimy, underfunded and mnch-shrunken British machine tool industry, the lit-tle husiness has proved to be a gritty survivor, never failing to make a profit even through

"The machine tool industry has gone through hell in this country," says Balding, casting his eye across the shop floor of his company's main factory, a rather cluttered, jumbled work-

companies have gone down or ended up completely finished. That concentrates your mind. I won't let it happen here."

The company with the drawing of a blue bnck-toothed beaver on its logo is a good example of the survival instinct inherent in a family business but also of the limitations of such a species, particularly in Britain.

Though continuously profit-able, Beaver has demonstrated a financial performance that is somewhat short of earth-shaksomewhat short of earth-shaking. Its yearly sales hover around £12m. With nearly 300 employees that is a turnover of less than £40,000 per employee. The best ever profit return on sales was 7.5 per cent. If it had been a publicly quoted company, facing the consequent pressure to per-

consequent pressure to per-form, Beaver would probably have gone the way of large chunks of the British machine tool industry. Some West German companies which started off in family ownership around the same time have sales ten to 15 times that of the Norfolk

Half a dozen British-based machine tool builders have sig-nificantly higger turnovers, and some, like Bridgeport, based in Leicester with sales of £60m, have far snperior pro-

But in a British industry two of the largest machine

builders in India making Bea-

that is still contracting floor-epace and rationalising prod-ucts — even if factories are Like most British machine tool makers, Beaver has faced severe pricing constraints. "Seven years ago, a 2.5 tonne machining centre sold for £41,500. The equivalent of that busy - Beaver is proving to be an investor. Already a producer of machining centres for manufacturing angled compo-nents, in 1984 for the first time machine now weighs 5 tonnes, has twice the power and sells for £36,300. That is an awful it started manufacturing its own in-house designed lathes for machining round parts.
"We used to import them for

cost pressure. Like much of the British sale from Yang Iron in Taiwan and latterly from PPL in Italy but we had no control over the industry too, Reaver spent too long producing lower cost machines, an area that has suffered from aggressive pricing from Taiwanese makers. The West German machine tool product. So we decided to design and build our own turning centres," says Balding, 42.
Beaver opened a new production plant and assembly hall in
Peterborough last year to conindustry has long fled this product zone. Beaver has gone further upmarket in the past tinue this work. two years; the 300 machines it sold last year ranged in price from £36,000 to £250,000. It is

It also opened a component manufacturing hall in Suffolk in 1986 and has contracted to sell the factory and six-acre site in Norwich next year, the proceeds from which will buy a nine-acre site and purpose-built plant on cheaper land fur-ther from the town centre. "It will all be ploughed back into the company," Balding says. Beaver has recently spent

£700,000 developing a new large horizontal machining centre and claims to spend between ? and 10 per cent of sales on new equipment and product devel-opment. Beaver has also had some success as a licensor with

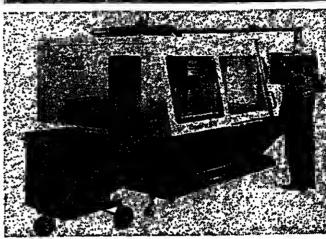
and not a little ashamed --when he first visited the plant opened in Worcester two years ago by Yamazaki, the Japanese machine tool maker. Its large, carpeted reception areas, enclosed garden and high-tech, virtually unmanned machining shop floor made a stark con-trast with the old tatty build

ings that still pervade British mechanical engineering. He went back and jazzed up the reception area at the exist-ing Norwich site; the new Norwich plant has been designed with open-plan bays and e flow system of components entering the plant to final machine

If Beaver is a typical small. family-owned British manufacturer, it is untypical in the impatience Balding displays with what he sees as a pervasive anti-industrial culture promoted by the present, and pre-vious governments. ments.

Reaver still displays some of the plant inefficiencies which continue to bedevil parts of British industry though Beaver is attempting to sort these out. The time it takes to get a raw casting to finished machine assembly has tumbled in the past few years from twelva

"I don't want to sound like a moaning Minnie but some problems have got to be faced. I don't think the government has any idea how difficult it is some the sound of the sound going to be to rebuild a lot of industry that has been lost. It is probably too high a hurdle for the country to clear. For instance, I think the tax structure here is not conducive to "Yon've got to have a posi-



Tony Baiding (top): Beaver spends between 7 and 10 per cent of sales on new equipment and product development

tive approach nationally that says there must be a strong manufacturing sector. If you haven't, you go backwards with your balance of pay-

Balding has raised a few eyebrows within his own industry

because of his forceful criticisms of British machine tool making et a time when many plants are busy meeting a gen erally strong European demand. Says Balding: "In the long run, some of these companies just will not survive."

Experience of the Elephant

THE Government's recently introduced scheme for Training and Enterprise Councils ing and Enterprise Councils
poses both a threat to and an
opportunity for the future of
job creation and small business
support organisations that rely
heavily on local anthority
funding.
This is one of the concin-

stone of a study by four MBA students at the London Bustness School. The students have based their views on a detailed look at Elephant Enterprises. Supported by the London Borough of Southwark, the organisation has over the past five years been providing advice and subsidised premises to unemployed people in the bor-ough who wish to start their

The effect of the TECs, according to the study, will be to reduce the role played by local government in providing job creation services. They say that the Government has shifted its emphasis away from: supporting self-employment towards re-training via employment training schemes.

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Mr. Tile

The study maintains that The study maintains that organisations like Elephant "cannot continue to operate in isolation." Co-operation with complementary agencies and the establishment of strong links with TECs will be essential; but, if successfully achieved, "will also allow these small organisations to escape the one year "funding trap" that can reduce their effectiveness."

The study suggests that Ele-phant should adopt a more businesslike approach to its own structure and policy-mak-ing – though, overall, it finds the quality of its advice ser-vices praiseworthy.

Elephant should develop a three-year business plan with three-year business plan with measurable targets and performance criteria for the services provided. It should also, maintains the study, limit Elephant's activities to specialist areas of advice and help to small start-ups and develop relations with hodies like Business in the Community (the umbrella organisation for enterprise agencies).

Reverend Peter: Cahilen, chair of Elephant Jobs, says: We want to continue to create employment for people with skills and determination but no financial resources or business expertise, but to do this we have to be able to take advantage of government ini-tiatives and to respond effectively to local needs."

Filling the gaps in knowledge

study costing £1.4m is to be carried out to assess whether the unprecedented recent growth in the UK small business sector is likely to continue.

The project has £1m worth of funding from the Economic and Social Research Council (ESRC) while a further £400,000 slightly less than the organisers first hoped - has been raised from private and public sector sponsors: Barclays Bank, the UK Department of Employment, the Rural Development Commission and the Enterprise Directorate of the European Commission.

The study is claimed to be the most

comprehensive analysis ever undertaken in the UK of the problems peculiar to small business. The small firms sector has been the subject of intense scrutiny in recent years by governments, the private sector and academics but there

are still large gaps in the knowledge of its contribution to the economy and

how it can best be encouraged. The ESRC says that increasing competition from continental Europe after 1992, the development of new information technologies and a growing services, as against manufacturing, sector

will affect the prospects for small firms.

"The conditions which have allowed
1.5m new businesses to set up in the
past decade will change radically over
the next ten years," says Professor Howard Newby, chairman of the ESRC.
"If small business is to continue to thrive
we are determined to obtain a clear understanding of these long term changes and how they affect the prospects for individual small firms."

The programme will be split into projects carried out at three different institutions while individual researchers

will supplement this work with an will supplement this work with an additional 13 projects. Cambridge University will look at the constraints on the creation and survival of small business; the relationship between availability of local employees and smaller firms will be researched by a team at the Institute of Manpower Studies at Sossex University; while Kingston Polytechnic will research small businesses in the service sector.

also doing far more customisa-tion, adding carousels and

other handling devices to meet individual company require-

past few years from twelva

weeks to twelve days.

Balding was not alone among British machine tool

The studies will concentrate largely on the small firms climate in Britain but two of the projects will look at support programmes for small firms in Britain, France and Belgium and at co-operatives and small private firms in Mediterranean Europe. The entire programme will be

co-ordinated by David Storey of the Small and Medium Size Enterprise Centre at the University of Warwick.

In brief...

A pack of new brochures aimed at answering many of the questions which face those starting up in business for the first time has been launched by the Department of Employ-

Services for Small Business provides an overview of the help which is available with a list of contact organisations. Starting and Running Your Own Business gives a succinct description of many of the issues which new businesses must address. Cash flow fore-casts, business plans, premises, the law and marketing are among the subjects covered.

Working for Yourself pro-vides practical advice on the daunting but essential questions such as registering for VAT and paying National Insurance Contributions. Available free from the Department of Employment, Caxton House, Tothill Street, London SW1H 9NF, and from local offices of the Small Firms

Are you suited to starting up in business on your own? 3i, Britain's largest provider of venture and development capital, has published a guide" to "what it takes to bring into being the kind of business most likely to succeed."

success and failure, says 3i.

Successful start-ups tend to be run by teams of individuals who previously held senior positions in a larger company but are ambitious to start out on their own. 31, like other venture capital-

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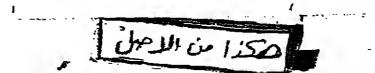
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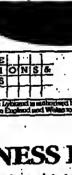
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Life and death in Paris

William Packer on Michaelangelo and other exhibitions

s Park fills up in this July of the "Ricenten-aire" it is the citadels of Art that are being stormed, if the patient queues snaking away from the Pyramid of the Louvre and around the side of the Musée d'Orsay can be said to constitute the Mob. Once inside, the pressure eases somewhat, as the crowds eases somewhat, as the crowds are diffused through the great new spaces of the museums. All have special exhibitions and none, in my experience last week, is unduly crowded. For the moment the museums themselves are the principal themselves are the principal exhibits – the grand and echo-ing old station; the Louvre with its new, subterranean heart and the old familiar galleries in process of rehanging

and restoration.

Michaelangelo the draughtsman (until July 31: sponsored
by Olivetti) occupies one of the
smaller new exhibition spaces,
below the old Pavillon Denon,
by which one used to enter the by which one used to enter the Louvre. At 72 works, it is not a large exhibition, but substantial enough. An artist such as Michaelangelo always presents a certain problem by the expec-tations he raises, and the popular assumption that every product of a genius must be a masterpiece. Rarity, too, is a great enhancer, and by the mere fact of its survival over does seem to acquire a quality and celebrity, whatever the nature of the marks it might

carry.
Michaelangelo is in no sense a disappointment. Many of these things are ravishing in themselves and astonishing for their virtuosity. But the virtue in seeing even this number of his drawings together, lies as much in confronting his falli-hle bumanity as his genius. Drawing, of all the arts, brings us closest to the intimate presence of the artist, by the direct touch of his hand on the page and the sense of his private thought taken up, developed, broken off. The point is that false starts are made, drawings go wrong, the model moves, the idea changes, interest shifts, time passes. And the best drawings do not always

survive. Here we follow Michaelangelo from youth to age and through various projects and studies for painting, sculpture and architecture. The excite-ment lies in discovering not just his known precocity, but



Michaelangelo's Nude Girl Kneeling turn and move with such authority and power. It is not a

the rapidity of his maturity and the peculiarly vigorous quality of his originality. Other young artists other than Michaelangelo have copied from the masters and studied the nude. His three early figures, c.1495, supposedly after Masaccio, evince a clear sculptural simplicity and grandeur, that recall a youthful remark of Henry Moore, over 500 years later, who shared the interest, that "Glotto's painting is the finest sculpture I met in Italy." But the interest is in their provenance from Michaelangelo, for in themselves they are more conventional, in manner and technique, than truly remarkable.

But soon into the 16th century comes the manifest explo-sion of energy, with the male or androgynous figures that

arrives, a corner is turned. At the furthest tip of the Louvre, in the special galleries of the Pavillon de Flore of the Pavillon de Flore — where, by the porte Jaujard, the clever visitor may avoid the queues altogether — more drawings are being shown, but more for their documentary and anecdotal than their aesthetic interest. A Collector during the Revolution (until July 24), Jean Louis Soulavie was a priest and scholar sympathetic priest and scholar sympathetic to the Revolution itself yet con-scious of the darker forces it set free. The works he acquired

are essentially documentary and circumstantial, often anonymous, drawings made on the spot or soon after the event: cartoons and pamphlets, prints and portraits. Most familiar is the rapid note that David made of Marie Antoinette, rough bonnet on her head and hands tied behind her back, as the tumbril drew her past his win-dow in the rue St Honore. But quite as poignant, and beautiful besides, are the anonymous portraits in pastel of individual prisoners, taken in the short interval before their execution, with a note of who they are and their fatal dates below.

been achieved which would itself become conventional and academic, but in his hands is

both personal and yet the epitome of the high renaissance. We are there as a moment

At the Musée d'Orsay, 1889: the Eiffel Touer & the Univer-sal Exhibition (until August 15: sponsored by Ricoh) is another obviously documentary exer-cise, and full of fascinating material. A map of that extraordinary celebration of the "centenaire," that filled the Champs de Mars, lies under-foot. Architects' drawings and photographs of the national pavilions and the halls to Science, Industry and the Arts, show just how enormous was the undertaking. All but the most extraordinary trace of it

has now gone.

M. Eiffel's great tower is the of course the central motif. from the first competitive proposals for its construction, and the fascinating photographic sequence of its actual erection, to later suggestions for its adaptation. Artists responded to it from the start, with Henri Riviere's 36 views, a suite of prints after the manner of the Japanese the most charming, Robert Delaunay's idiosyncratic cubist versions the most

Le nozze di Figaro

The new production of Le nozze di Figaro (sponsored by Water-ford Wedgwood) marks a nota-ble departure from hallowed Glyndebourne practice: the Orchestra of The Age of Enlightenment is in the pit, not the LPO. In other words period-instrument Mozart has arrived in these Mozartian Heil'gen Hallen at last. Simon Rattle conducts his first operahouse *Figaro*, Peter Hall under-takes his second Glyndebourne production of the opera, this time in the sets and costumes of John Gunter, Sunday's performance launched the Rattie-Hall Mozart partnership, which is expected to pursue this particular path in the coming

decade.

Best things first: the sound of the instruments in this dry (but, for them, properly accommodating) anditorium, which consistently lent vitality, zest, and purpose to an otherwise bland, under-achieved evening.

Rattle has publicly declared his distaste for streamlined distaste for streamlined smoothness in Mozart; and his exploration of the opera in these circumstances already reveals a joy in the opportunireveals a joy in the opportunities for sharpened textural contrast, increased dynamic range (startling in such passages as the Susanna-Cherubino Act 2 duettino of desperation, "Aprite, presto aprite"), an added intensity in every harmonic progression, a general expressive heightening, that was directly conveyed to the

None of the familiar misgivings about tuning and proficiency could be countenanced: the playing (horns and oboes not excluded!) was of superb quality all evening, sappy, picturesque, full of snap and bite, full also of the special intimacy, the at-one-ness with vocal tone and texture, that are the special benefits of such an orchestral complement.

The balance was not yet quite assured all the way through (in Mozart's day, of course, the sunken orchestra plt was nonexistent); and, given the character of the orchestral basis for this Figuro, one regrets the apparent fail-ure to establish a parallel vocal style. Among the principals, a disappointingly uneven crew, only Joan Rodgers's exqui-sitely beautiful Susanna, light-voiced, delicate in application of colour-tints, gloriously quick-spirited and intelligent, seizes those already-mentioned



Joan Rodgers and William Shimell

benefits and makes them her own. Elsewhere, vocal generalization is the order of the day, which makes the copious appli-cation of appoggiaturas and cadenzas to the vocal lines less of a boon than it ought to be that knitted into the final stanza of "Voi che sapete,"
which sounds "written-in," not
spontaneous, not naturally
expressive, is actually something of a trial.
Peter Hall's first Glynde-

bourne Figuro, in 1973, marked the start of his great Da Ponte triptych of the 1970s, an achievement of extraordinary serionsness, precise aim, finesse of detail. Anyone in Sunday's audience who admired it, and also his Giovanni and Cosi, will have pitched expectations high for Sunday's performance. Unrea-sonably high, perbaps – although it does not seem to me unreasonable to expect that a producer who showed such acute understanding of Mozartian musical and dramatic ten-sions, such "inside" sense of the characters' emotional life, might have developed still fur-ther along those lines in the intervening period.

On this evidence, and with the proviso that first-night nerves appeared to be particularly taut on this occasion, I fear that the new *Figuro* is a poor exchange for the old. For one thing, it is notably less

well designed. The detailing is fussily 18th century. Stucco satyrs, nymphs and lovebirds sit on the arch-frame, supply-ing a visual motto for each act; but the textures, colours and spatial disposition of the first spatial disposition of the first two acts are cluttered and coarse – the Countess's bed-room, with its sheer draped curtains and salmon-shaded four-poster, looks like the "Figaro Suite" of an English Heritage hotel, and the Count-ess's costumes and wig do not sit at all flatteringly on Grannel sit at all flatteringly on Gunnel

Lindblom's tali figure and handsome sharp profile. More important, the staging seems at once overworked and under-focussed. Some scenes are irritatingly elaborate in their "choreography;" Cberu-bino not only sings "Non so più", hut prances around a cbair, leans on it, turns Susanna upside down on it, and generally acts out what amounts to a parallel scenario — a kind of imposed fussiness, neatly executed in itself, that looks very odd in a Peter Hall Mozart production. There is a fair amount of direct audience address, and an unreasonable amount of falling to the floor at improbable moments; the tuned stillness of the 1970s has been lost, and nothing coherent or newly striking has yet been offered in its place.

On its own terms the performance is by no means ineffi-cient, or devoid of interest -

the treatment of the Count as swaggering, loud-mouthed bully with psychopathic ten-dencies is cartainly distinctive, and in William Shimell's vigor-ous (if vocally heavyweight and monochrome) account of it there is no shilly-shallying. Other distinctive and pleasingly sung characterizations, from Felicity Palmer (Marcellina), Alison Hagley (Barbarina), Donald Adams (Antonio), and especially the admirable Mario Bolognesi (a deceptively mild, gratifyingly Italian Basilio), cast their passing beams of illumination.

But I badly miss the domi-nant sense of a living, breath-ing community, and the pas-sions and tragedies transmuted sions and tragenies transmired Into comedy that should emerge therefrom. Miss Lind-hlom, a young Swedish soprano making her British debut, is promising, and, in "Dove sono," moving, but her Countess is not yet found any-where near the heart of the evening; neither is Marianne Rorbolm's bandsome but vocally colourless Cherubino, and thus far Dale Duesing does little more than go through the title character motions. All the Act 4 arias are in place - but this was not one of those occasions when the uncut text was made to seem the inevitable, let alone the desirable, one.

Max Loppert

Swan Lake

DOMINION THEATRE

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Natalia Makarova's production of Swan Lake for English National Ballet, new last year, makes several blunders and is. in no way as serious as the Bayadere she has staged for American Ballet Theatre and, recently, the Royal Ballet. But I'm not as irritated by this as I have been by those numerous Swan Lakes that impose extraneous concepts onto a ballet

that is already complex.

Makarova scores a big plus
by setting the ballet clearly in
the Western European Middle
Ages of high romance – thus giving it the right mythic resogiving it the right mythic resonance. And the choreography she uses — a mixture of Petipa and Ivanov (by way of the Kirov) and Ashton — is almost all top-quality. If only the dancers were not so badly cramped by the decor, this would be a very tolerable Swon Lake.

Valentina Kozlova and Maximiliano Guerra led the first of

miliano Guerra led the first of two casts I caught last week.

Kozlova, a former Bolshoi soloist who has been a principal of New York City Ballet since 1983, has a beautiful body and face, and Guerra matches her well in height and length of limb, but this was an unspontaneous performance, recking of insincerity.

ed-in Bolshoi way with the Swan choreography, without the heroic strain that can make that compelling. She was merely brittle. Guerra seems virtually immobile from nose to diaphragm. Like Kozlova, he has the strength for the steps, but too little else.

Camillo has neither the

a very professional account.

Kozlova reverted to the turn-

Christine Camillo and Patrick Armand, replacing on Saturday the more prestigious Susan Hogard and Andria Liepa, were less likely candi-dates for this grand ballet, but theirs was the more satisfying

length of leg or neck nor the elegance of face or foot ideally needed for Odette-Odile. But she has ease and an ear. So that she shapes the choreogra-phy in terms of phrases and musical cues. Not inspired, but

Armand's ear tends only to be approximate, his dancing strong rather than subtle. But he's like the provincial Italian tenor whose beefy commitment becomes strangely tonching.
There's manly chivalry in all
his stage behaviour, exciting
ardour in the big dance climaxes, and he makes something stirring from the hero's variations between temperamental lows and highs.

To touch the heights, Swan

naturalism that he gives us,

but a natural expressionism, for he is the first great expres-sionist. We follow him in free-

ing himself from the conven-tional method of his time, of

cross-batching within the con-tour to achieve the tone. He moves round, across and

through the form in order to

describe it, moving back into

the form from the contour, even dispensing with the con-tour altogether. He works back

into the tone he establishes,

rubbing, smudging, heighten-ing the surface to realise the

form. All is life and movement.

By the time, in the years around 1510, of the drawings

for the Sistine Chapel, such as

the magnificent study for the Libyan Sybil, a manner has

Lake needs refinement, and that has never been in long supply at English National, for-mally London Festival Ballet, for which the best adjective has always been "motley." But I see little of the means

pettiness of spirit that used to depress me a few years ago. The men tend to pursue effort rather than finesse, but their style is clean and virile enough to bring Ashton's glorious Act 1 waltz to life.

The women, more anony-mous and immature, make a coarse corps of Swan-maidens. But they seem to relish the rich epaulement in the dances and they show as much heart as their training will permit. The company's most interest-ing regular dancer is Trinidad Sevillano, enchanting in the Ashton pas de quatre in Act 1. She has youthfulness, power, variety and feeling. If English National Ballet capitalises on Name assets, who knows? It could surprise us all and yet become a company to take seriously in classical choreog-

Alastair Macaulay

HIPPODROME, BIRMINGHAM

In the midst of its latest British tour, Welsh National Opera has added an unusual item to its repertory - a concert of Janacek's Osud. This was given in Birmingham last Friday, and will be repeated in Bristol next week; shortly afterwards, the ensemble goes into the EMI studios, for a recording sponsored by the Peter Moores Foundation.

Excellent news! Osud, which follows Jenufa in the line of Janacek operas, was until the 1980s the stepchild of his works — a work of undeniably beautiful music whose libretto was considered unstageable.

The 1982 South Bank concert performance by Simon Rattle revealed the richness of the score; then, and perhaps cru-cially, the 1984 English National Opera production by David Pountney put the whole notion of unstageability to flight. In equal measure this

was because of the profound imaginative vision of the stag-ing and because of the new English translation by Rodney Blumer, a brilliantly singable, inventive piece of work which found a consistent tone for the mixture of highflown symbolism and overripe imagery in which Janacek'e inexperienced librettist conched the original. One of the benefits of con-cert performance is the chance

to examine music and words as it were in close-up; and in Fri-day's performance, both Janacek's wonderfully copious lyri-cal inspiration and Blumer's words were heard to advantage. With each new encounter, indeed, the extraordinary poetry of this work becomes clearer. It is an example of opera at its most "operatic": that is, in which the power of music to clarify a libretto somewhat discontinuous and elliptical on its own terms is thrillingly direct.

performances proved so contin-

With respect to the admira-ble previous British conductors Langridge, hero of all British of Osud - Rattle and the ENO's Mark Elder - Friday's performance added a new dimension to one's apprecia-tion of the opera; for Charles Mackerras seemed to find in it a rhythmic vitality and an urgency unmatched by others.

From the great sunlit opening, a Janacek hymn to natural beauty, to the jagged finale, in which flashes of lightning add

the proper punctuation to the dramatic unfolding, Macker-ras's control of the opera's sound-world was absolute, Ideally, the acoustics needed to be fuller, the WNO orchestra was placed in the pit, the singers and chorus (in superb form) on stage, and the combination, though clear, failed to suffuse the theatre with radiance. Rarely, though, have concert

uously gripping.
The cast was led by Philip

Osua revivals, so complete in his command of word, style, and sense that it has become imposeible to imagine any other tenor in his place; Mr Langridge was in proud, tireless voice, and threw the long monologues out with beady abandon. Helen Field, new to the heroine Mila, was delicate, appealing, already deep inside the character, Kathryn Harries gave a subtle and striking account of ber disturbed mother, the opera's nemesis figure (and sister of the Kabanicha), though her top notes flapped under pressure.

There were fine, well-sung cameo contributions from Barry Mora, Stuart Kale, and Peter Bronder. Altogether, this was a performance of total commitment; the records are

Max Loppert

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ARTS GUIDE

OPERA AND BALLET

Boyal Opera, Covent Garden. Casolleria rusticana and Pra-licaci, two of the most elderly productions in the Royal Opera productions in the Royal Opera repertory, return with Robin Stapleton as conductor and casts including Ghena Dimitrova, Diana Soviero, Vladimir Atlantov and Piero Cappuccilli. Further performances of Le noze di Figure, in Johannes Schaaf's very successful 1987 production, with substantially the original cast – Thomas Allen, Claudio Desderi, and the original conductor, Bernard Haitink.

Grand Palais des Champs Rhyses, Paris Opéra Ballet dences Suon Lake in Rudolf Nureyev's choreography inspired by Marins Petipa and Ley Ivanov and is followed by performances by the Paris Opéra Bellet School and Leningrad's Vaganova School (48787800) School (48787500).

Théâtre Royal de la Mormaie. Mozert'e La Finta Giordiniera produced by Karl-Ernst and Orsel Herrmann with Ugo Benelli, Joanna Koslowska and Marek Torzewski. Sylvain Cam-breling conducts the Monnale opera orchestra (Tues).

Testro Alla Scala, Luca Ronconi's production of Rimsky-Korsa-koy's La Piaba dello Zar Saltan, conducted by Gennady Rozhdestvensky, and designed by the architect Gae Aulenti. The cast includes Gloria Banditelli, JosellaLigi, Bahara Madra, Steffa Mineva and Carlo Gaiña. Also Gluck's Orfeo ed Euridice in Roberto de Simone's production conducted by Riccardo Muti, with Lucia Mazzaria, Valeria Esposito and Elzbieta Ardam (20.91.26).

Terme di Caracelle. The Rome opera's open-sir season opens with Prokofiev's Romeo e Giuliette, danced by the excellent Elisabetta Terabust with Raffae Paganimi, conducted by Mario Pistoni. The choreography has been redone by the ballet company's director Mario Pistoni (46.17.55).

Muziektheater. Double bill with Muziektheater. Donnie mit with the Vaganova Academy of Lenin-grad's Kirov Ballet in Chopi-nium (Fokine/Vaganova/Ser-gelev) and the Grand Pas from Petipa's Paguita, followed by the School of American Ballet with Balanchine's Waitz Fantissy and Symphony in C (Fr). The Dutch National Ballet's annual festival; The Sleeping Beouty by Peter Wright after Marius Petipa (Until Wed).

Munich

Opera. This year's Munich Opera. Festival opens with the new production of *Mathis der Mahler*, by Kurt Horres. The cast oy Aurt Houres. The cast includes Sahine Hass, Doris Soffel, Angela Maria Blasi, Alan Titus, Class H. Ahnsjoe, Jan Hendrik Rootsring, Robert Schunk and will be conducted by Wolfgang Sawallisch.

June 30-July 6

Stuttgart Opera. Kathleen Kuhlmann repeats her much praised performance in the title role in La Ceneratola. Der filegendeHolländer has fine interpretations by Wolfgang Probst, Namcy Johnson and Mathias Hoelle. Madonne Butterfly features Awilda Verdejo, Carmen Mammoser, Fahio Armiliato and Tam Hampula. Armiliato and Tero Hannula. Toscz with Vasile Moldovesmu, Galina Kalimina and Helmut Ber-

ger-Tuna rounds off the week.

New York

New York City Opera. Harold Prince's new production of Don Giocanni opens the season Thursday with John Cheek in the title role and Elizabeth Holleque as Donna Anna, Frances Ginsberg as Donna Elvira and Ginsberg as Donna Elvira and Dean Peterson as Masetto. The season includes three other new productions (Moses und Aron, L'Heure Espognole and L'Enfant et Les Sortiliges) and six major revivals among the 135 performances of 20 operas in 20 weeks. Lincoln Camer New York State Theatre (877 4700).

New York Grand Overa, The New York Grand Opera. The free fully staged operas in Central Park conducted by Vincent La Selva continue with Madamo Butterfly, featuring Ingrid Zeldin as Cio-Cio-San and Paul Lyon as Pinkerton. Central Park Bandshell at 72nd St (Thur).

Tokyo

London City Ballet. Swan Lake (Mon), Mixed bill (Tues). Showa Women's University Hitomi emorial Hall, near Sangenjaya

impatiently awaited.

SALEROOM Clifford sells collection

showing the Queen around his recently restored Gallery in Edinburgh, Sotheby'a in London was selling his collection of Old Master drawings for a healthy £561,220. Clifford acquired his first drawing for 7s 6d in 1961 as a 15-year-old schoolboy and effectively stopped buying in 1975. His purchases were made on a shoe-string and concentrated on the then unfashionable area of Mannerist art, mainly from 16th century Florence and

Rome. In many cases he was able to give attributions to anonymous works. He has sold the 57 drawings to raise the money to buy a house in Scot-land. He will able to afford a castle and half a county.

Top price was the £52,800 paid for a design for one of the ceilings in the Villa Farnese by Giovanni Antinor. A head by Bronzino made £46,200, and a drawing of Bacchus, in a niche, by Primaticcio, £38,500. Timothy Clifford gave one of the

drawings in the catalogue, "The calling of Matthew" by Il

Bergamasco (estimate around 2500) to the British Museum, a cultural institution he has yet The general sale that followed totalled \$1,242,615 with 4 per cent unsold.

Yesterday was a big day for Mr Timothy Clifford, the extrovert Director of the National Gal-lery of Scotland. While he was gotto work on it, doubled its estimate at £121,000, to the dealer Paul Weis. A chalk drawing of a fallen warrior attributed to Bordone far exceeded Its £35,000 top estimate and made £148,500 to the Swiss dealer, Compagnie des Beaux Arts, while two figure studies by Watteau sold for

> Sotheby's had one of its best sales of tribal art for many years, hringing in £2,264,394 with just over 8 per cent unsold Twenty-five of the lots on offer had been bought by the British Rail Pension Fund in the 1970s and the stickiness of the tribal art market in the intervening years is illustrated by the price of £165,000 paid yesterday for a Lower Niger bronze female figure kneeling and holding a bowl, which is regarded as one of the masterpieces of African art. The Fund paid £145,200 for it in 1978, and shows a derisory return. A late 16th century Udo (Nigeria) bronze royal memorial bead did better: it cost the Fund £22,990 in 1976 and made 199,000 yesterday. The top price was 1209,009 (estimate 180,000) for an unknown Luba-Shankadi wood neck rest of the early 19th century.

> Antony Thorncroft

FINANCIAL TIMES

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Tuesday July 4 1989

Solidarity's main chance

THE announcement of Andrei Gromyko's death will prompt renewed reflection on a thirty year period in Soviet foreign policy, until the mid 1980s, which he dominated. Too much reverence towards that reign, however much stamina it showed, is unnecessary. For while Gromyko achieved a cerrelationships, he did so at many costs. Among the heaviest was the continuing subjection of Eastern Europe to the Brezhnev doctrine, whoss unwritten roles laid down that the Soviet version of state

socialism, which they had all perforce adopted, was unchallengeable.

That doctrine, the present Soviet leadership now asserts, ahrivelled soon after Mr Gromyko left office. President Gorbachev continues to repeat that the satellites can go their own way. Only yesterday, Mr Vadim Zagladin, a central committee member and foreign affairs expert, said in Paris that a Solidarity government was the Poles' business, and that a President Lech Walesa would be quite welcome in

only the beginning of a new chapter. There is now no effective centre of power in War-saw. The Polish United Workers Party cannot agree on a Presidential candidate. The Government, not a year old and with its reforms hardly taking effect, is led by a cabinet full of men who were badly beaten at the polls. The Party's two long aerving coalition allies, the Peasants' and the Democratic Parties, are peeling away as they realise real power lies elsewhere.

Awful responsibility

As for Solidarity, it is gradually realising what awful responsibilities are attendant on winning so completely. Mr Walesa and Professor Bronis-law Geremek, the leader of the Solidarity deputies and a fel-low moderate, agreed that the union should support a reforming government but take no part in it. They now find to their horror that they have no government to support. As recently as April, Solidarity leaders talked as though legalisation of the movement was

the limit of their aims. Three months later, they see that at least partial power may be

least partial power may be within their grasp.

It will be risky, hnt they should grasp it. They will inherit a crisis which was none of their making, the handling of which would tarnish the reputation of saints. Living standards are likely to get worse before they get better, unemployment to become real rather than hidden, work to get than hidden, work to get harder, and pay differentials to widen. In this way will the market come to Poland – it

has no alternative.

They will also inherit a hureancracy and a management class which is a nomenk-lation, put there by the Party for loyalty rather than effi-ciency. This creaky machine may not work for Solidarity ministers; even more to the point, the army and the police, who rounded up and impris-oned Solidarity members, may not take orders from them.

Soviet test

Further, there must still be doubt that the Soviet Union will really let it all happen, it will not be easy to let people whose sympathies lie more with the West than the East, who are feted in Western capitals as anti-communists, take control of a member of the Warsaw Pact. It would be by far the higgest test a peres-troika'd foreign policy had yet had to face.

But perhaps these risks are more apparent than real. A Solidarity prime minister would inspire greater generosity in the West and more confi-dence from business than a Communist one, be he never so reformist, ever could. Many bureaucrats, in the stillness of the voting booths last month, voted for Solidarity; so did many of the conscript soldiers and maybe even a few of the police. And if a Communist President were found – Mr Walesa favours General Kisz-czak – then Soviet fears would be allayed.

The movement Mr Walesa leads, has done Poland immense service in the past decade. It has more difficult service still to do. It no longer represents freedom in revolt: it must attempt to be freedom in

Hold firm on law reform

WHEN THE Government published its proposals for reform of the legal profession in January, it was applauded for its determination to sween away outmoded restrictive practices and introduce greater competition into the provision of legal services. Those who had said it would not have the courage to carry its enthusi-asm for reforming the trade unions into areas dominated by its natural constituents fell momentarily silent. in the face of noisy and often bitter pro-test from the Bar and the judiclary, Lord Mackay remained firm. The more the judges warned of the constitutional ernment's plans, the more his determination to press ahead appeared to grow.

At the last hurdle, as the cabinet committee responsible for competition policy comes to consider the final proposals. the Lord Chancellor is now said to be having second thoughts about ending the barristers' monopoly to appear as advocates in the higher courts - the central plank of the reforms. This would be a mis-

Unclear climbdown

Quite why the Government should uncharacteristically be considering such a climbdown in not clear. Is it possible, for example, that in the light of the Conservatives' poor showthe Conservatives' poor showing in the recent European elections, the voices inside the party that have been warning that the Government is flirting with political suicide by taking on both the doctors and the lawyers at the same time are finally being listened to? If that is the case then the Government has underestimated the strength of support for its reforms around the country.

The public may not like the idea of free market forces in the provision of health care, but they have long been able to see that the requirement to employ the services of two lawyers to take their case into court benefits no one other than the lawyers themselves.

To be fair to the Lord Chancellor, he has never ruled out the possibility of changing the proposals. Despite the criticism levelled at him for producing the papers without consultation with the profession or the

judiciary, he has always emphasised that they were consultation documents and that be would not hesitate to modify them if persuaded by rational argument. The opposition from the judges, the Bar and the Law Society to the pro-posed Advisory Committee on the education, training and conduct of lawyers led him at a fairly early stage to indicate that there was room for manoeuvre over the commit-tee's structure and role.

Status quo guarantee

The suggestion that to pla-cate the judiciary he is considering giving them a right of veto over who should have rights of audience in the higher courts makes little aense, however. Solicitors know that this would effectively guarantee maintenance of the status quo. The strength of their opposition to the Government proposals shows only too well that the senior judges, all of whom were drawn from the ranks of the Bar, cannot be

trusted to exercise such a veto impartially, they say.

If the Lord Chancellor is convinced of the need to give ground to the judges on this issue, he should consider the suggestion favoured hy the consumer organisations of set-ting the principles governing wider rights of andience and the professional codes of conduct in primary legislation, and giving the judiciary a supervisory role over the regulations governing their imple-mentation. This would meet all the constitutional concerns that have been expressed over Parliamentary sovereignty, the independence of the profe and judicial supervision.

The proposed reforms of the legal profession are just one part of the Government's wider plans for improvements in access to justice and the provision of legal services. They are linked to the five-year plan to introduce reforms in civil procedure, changes in the administration of the legal aid system and the gradual unification of procedures for dealing with children and family law matters. If the Govern-ment drops the central plank of its proposed reform of the profession, there is a danger that its whole law reform strat-

egy will fall apart.

As the world's first museum devoted to industrial design opens in London, Alice Rawsthorn reports on the discipline's role in British industry

n Thursday the dust and debris of the construction workers will be cleared away as London's Design Museum, at Butler's Wharf on the banks of the River Thames, opens its deeper to the walking.

doors to the public.

The Design Museum will be the The Design Museum will be the first museum anywhere in the world devoted entirely to industrial design. Its opening is timely. The past decade has been one in which the design industry has boomed; when Britain's shops have been painted in post-modernist pastels; and politicians have propounded the power of design from public platforms. public platforms.

public platforms.

But there are serious doubts whether, for all the fuss and furore, British industry is any more adept at using design than before. Even so design conscious a sector as retailing still uses design as a cosmetic tool rather than an integral part of the management process. Many areas of manufacturing appear as antipathetic to design as ever.

There is also a real risk that once the current enthusiasm fades, design will be dismissed as yet another man-

will be dismissed as yet another management fad that was once fashionable and has since fizzled out. Stephen Bayley, director of the Design Museum, already dreads the day when industrialists describe design as: "Something we tried out in the 1980s. It did not work then. So we will not try it again." not try it again."

Perhaps the discipline's most prom-

Perhaps the discipline's most prominent legacy of the 1980s is the design industry. It began the decade as a cottage industry of thny firms with fragile finances. Today there are thousands of design companies. Some have gone public; others have expanded overseas. Fitch, which entered the 1980s as a retail design specialist, has since gone public and staged a series of acquisitions. It now employs 500 people in the UK and the US.

Moreover the character of the design industry has changed. The word "designer" oncs conjured images of the work of William Morris and his school of aesthetic artisans.

and his school of aesthetic artisans. The designers of the 1980s tend to talk in terms of market research, brand identity and corporate strategy. The larger corporate identity consultancies, like Wolff Olins, employ almost as many MBA graduates as designers.
The international advertising agencies, Sastchi & Sastchi and WPP, have diversified into design.

nave coversined into design.

Beneath the business school hanter and stock market flotations, the industry is still highly fragmented and its finances are as fragile as ever. A recent survey by James Capel, the stockbrokers, estimated that only 30 consultancies employ more than 100 neonle. Even the higgest companies people. Even the biggest companies are prone to erratic profits growth, as the recent problems of the Michael Peters Group, which is suffering from a slump in its US business, illustrate.

But design is seen as a successful sector. And the design consultancies have succeeded in redefining design, alongside advertising, as a marketing discipline. The world of William Mor-ris is far, far away.

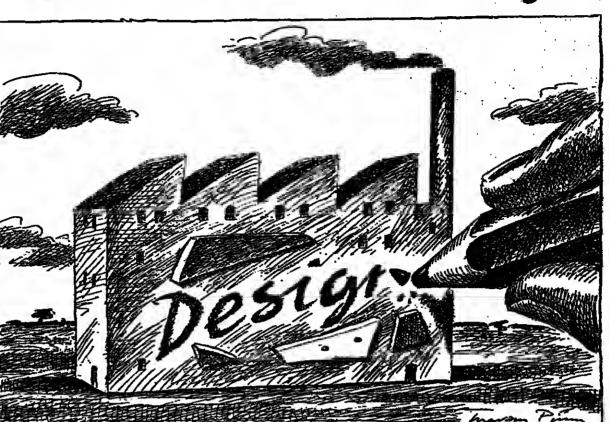
The dynamism of the design sector is often bandied about as evidence that design is being taken more seriously in the wider sphere of industry. is is not necessarily the case. Even the most enthusiastic advocate of design would admit that its influence on British industry in the 1980s has

been, at best, erratic.
Mr Wally Olins, chairman of Wolff
Olins, believes that attitudes towards design in industry have changed "dramatically" in some sectors, such as retailing, but "barely at all" in the more traditional areas of manufactur-

ing.

The impact of design on the retail sector is apparent to anyone who

A fad that may have had its day



glances along the high street. The cataiyst for the transformation of many previously dowdy shops was the wave of corporate activity which reshaped the retail sector in the early 1980s. This activity created a new cadre of design conscious retailers - like Next, Burton and Storehouse — which were prepared to lavish mil-lions of pounds on the look of their

shops.
Next spent £120m on capital expenditure — a large tranche of it on fit-ting out its shops — in the last finan-cial year alone. Storehouse has devised a method of design management to encompass every aspect of its operation. The design process for Richards, its women's wear chain, starts when the design studio meets to map out the key themes for the coming season. It ends a year later when instructions are sent to each store manager explaining exactly how the clothes should be displayed in the

Yet many retailers still see design in terms of the look and lay-out of their shops, rather than as an integral part of management and merchandis-ing systems. Even the Burton Group store design, which is delegated to external consultancies, and merchandising, which is handled internally.

This tendency to regard design as a superficial discipline, not as an inte-gral part of the organisation, is even more marked in manufacturing. The level of awareness of design in manufacturing has certainly increased in the 1980s. Mrs Margaret Thatcher, the Prime Minister, took

the initiative hy including the impor-tance of design as a regular ingredient

of her speeches to industry. She also encouraged the Department of Trade and Industry to introduce grants for small business using design consul-

It is now de riqueur for company chairmen to cite design as a critical component in competitiveness. The latest annual report from Coloroll, the aggressive home products group and one of the new generation of manufac-turers, opens with a list of its corporate objectives including "creativity in design." A new breed of executive,

There is a real risk that once the enthusiasm fades, design will be dismissed as yet another failed fad

the design manager, has appeared in the boardrooms of businesses like British Rail and British Telecom. Sir Terence Conran, the founder of the Design Museum, has noticed "a great improvement" in the level of awareness of design among the manu-facturers he deals with as chairman of

Yet there is little evidence that British manufacturers, having acknowledged the importance of design, really understand it. Mr Peter Gorb, senior follow in design management at the fellow in design management at the

are still "far too many managers who see design only in terms of style and aesthetics." In Japanese industry, design is seen as an integral part of the company's activities. Designers are involved in every stage of product development from raw material sourcing to produc-tion planning. A corporation like Yamaha, with annual sales of over 52hn, employs a team of 22 designers, all with degrees in product design. They are responsible for every aspect of design from liaising with Yamana's engineers over product development

to devising logos for letterheads.

Such a system is typical of many
Japanese companies. It is difficult to find a similar arrangement in Britain. Similarly there is no designer in Brit-ish manufacturing who is accorded the same stature as Dieter Rams, the ead of product design at Braun, the West German consumer electronics

In British industry, product design tends to be meted out to external consultancies, which tend not to be involved in internal processes like production planning. Alternatively it

sarily proficient in design.

One of the ironies of the past decade is that, although British companies have become much more aware of design, they have made little progress in using it.
One explanation lies in the short-

comings of the education system. Design plays a relatively insignificant role in specialist courses such as engineering. A London Business School study estimates that only 7 per cent of a British engineering degree syllabus

is concerned with design, compared with 25 per cent for a comparable course in West Germany.

Design is also missing from general syllabuses. The design and technology course for primary school children due to be introduced in 1990 as part of the national curriculum may lessen the problem. But teachers are concerned that the course will not be proposely resourced.

properly resourced.

Another explanation is that the British have never really felt comfortable with the concept of design. In Japan, design is seen as the province of industry. In Baly, it is regarded as part of the arts. In Britain, however, it is seen as a discipline straddling both sectors.

sectors.

The arts establishment tends to dismiss design as indelibly tainted by its association with trade. Sir Terence Conran recalls meetings at the Victoria and Albert Museum where he would be ticked off for calling things

"products" rather than "artefacts."

Conversely the industrial community looks askance at design as an aesthetic indulgence. The recent rumpus over BP's new corporate identity

pus over BP's new corporate identify was provoked partly by the cost of the programme and partly by concern that an important company should have invested so much effort and energy in something so apparently slight as design.

The success of the design industry in redefining design as a marketing discipline has helped to overcome this problem. But it has also reinforced the stereotype of design as something which is "bought in" from outside.

This tendency to "buy-in" design could, in turn, accentuate the risk that design is seen as a management fad. Peter York, the style writer, suspects that the managers of the 1980s

fad. Peter York, the style writer, suspects that the managers of the 1980s have seized on design as "an instant fixit" in the same way as they did with advertising in the 1960s. This increases the risk of them becoming disillusioned with design, he says, without "ever having really understood it in the first place."

There are already indications of disillusion with design in the retail sector. In the mid-1980s, when consumer spending was soaring, design conscious companies like Nent were the stars of the retail sector. At the time a

scious companies like Next were the stars of the retail sector. At the time a commitment to design — and an avitude for spending substantial sums of money on it — was perceived as a prerequisite for successful retailing.

The climate in the retail sector is now more competitive. The slowdown in consumer spending combined with

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in consumer spending, combined with rising costs, has imposed intense pres-sure on profits in an over-shopped high street.

At the same time the design con-scious retailers, including Next, have been struggling. One of the chief criti-cisms levelled at George Davies, when

he was ousted as chairman of Next last December, was that he had spent too much money on store design.

Design is no longer the fashionable phenomenon in retailing. Since the start of the year expenditure on retail design has fallen sharply. Next, and its competitors have bruned budgets its competitors, bave pruned budgets and postponed projects. It is too soon to say if this is a short term response to the austere climate in retailing, or indicates a longer term distilusion

Even the Government seems to have lost interest, although Mrs Thatcher is still fond of sprinkling references to design in her speeches. Design grants for small husinesses have been cut. The Design Council has gone from crisis to crisis.

Back at Butlers Wharf, as the con-struction workers clear their tools away, Stephen Bayley winces at the inevitable wisecracks about a design museum that is opening at the very end of Britain's design decade.

Not a brick to drop

■ The Oval — home of the Surrey County Cricket Club and one of the cricket shrines of the world - has very nearly been saved. Over £5m have been raised from commercial and individual sources in the last few years. Such are the ravages of inflation, however, that the original target was about £¼ m too low. There will thus be a new, rather select appeal to the City in the next

few days.
It works like this. The Oval has commissioned a sculpture of Sir Leonard Hutton who scored a record 364 in the Test against Australia at the Oval in 1938. The sculpture, by Wal-ter Ritchie, will be of Hutton in full flow and will be placed outside the main Hohbs Gates.

Since it will be surrounded by 364 hricks, you can probably guess the rest Individuals and companies will be invited to have their name associated with a brick at £1,000 apiece.

Letters to 250 carefully chosen potential supporters will go out in the next few days. Chris Field, the co-ordinator of the appeal, says that the names have been picked largely by intuition: a mixture of interest in cricket and likeliof interest in cricket and inter-hood of subscribing. The chair-man of the appeal is Sir Mich-ael Sandberg, best known for his days at the Hongkong and Shanghai Bank and now a fre-quent attender at the Oval,

as indeed is Len Hutton. Most of the rest of the bricks have already been sold by word of mouth. They have gone to a diverse mix of Friends of the Oval including Alan Bond, John Paul Getty II, Sir Y K Pao and Mick Jag-

There is a ration of one each, and clearly the intention is that the offer of a brick is not one that should be lightly turned down. Wait for the Sandberg letter: it also

OBSERVER

tochides the offer of a limited edition tie of the sculpture and an invitation to the Sir Leonard Hutton Reception on the last day of this year's Oval Test.

Prize for BZW

■ Has Barclays de Zoete Wedd finally made it all the way to a seat on the Tokyo Stock Exchange? Not quite yet, but there is what looks like a pretty strong straw in the wind. Michael Connors, the general manager of BZW's Tokyo office, has just been elected a member-director of the Japan Securities Dealers'

Association and is the first gaijin (non-Japanese) to make it. There are only 44 member-directors altogether. Speaking Japanese obviously helps. The 40-year-old Comors took his PhD to Japanese studies at Sheffield, then worked on Japanese industrial relations at the University of Tokyo, which awarded him a post-doctorate research fel-lowship. He had seven years as an analyst with the Tokyo

office of Jardine Fleming before opening the BZW office in 1986. One of his specialities has been recruiting graduates from Japanese universities: 110 of BZW's 146 Tokyo staff are Japanese nationals. A seat on the Stock Exchange has never been for-

mally promised, though there have been hints. The hope is that it will come next summer possibly at the same time as one for James Capel.

Cuckoo lore

The rainy climax to June put an end to Bill Foggitt's personal drought at the Three Tuns in Thirsk where he has recovered his reputation as



His supply of free drinks from the farmers had all but dried up due to their general gloom over the long sunny spell. But two good nights of rain has put them in better spirits. It rained so hard in the last two days of the month that Foggitt's records showed that Thirsk had nearly one inch over its June average, in spite of no rain on 25 days. The pine cone and the

barometer are set fair again after unusually cold nights at the beginning of July. He said: "I knew it was cold because the pipistrel bats were not flying about. There was nearly a ground frost one night."
The tadpoles in his neigh-

bour Betty Cook's pond have almost turned into frogs and most of the wildlife is settling to its summer patterns except the cuckoo which has not changed its tune as folk-

lore demands. Cuckoo lore says: "In April coms he will, in May he calls all day, in June he changes his tune, in July he makes ready to fly." Foggitt said:

"The cuckoo nearly frightened the living daylights out of my little dog, Polly; the other day when it should have stopped cuckooing. I think it is a sign that the good weather is stay-ing with us."

Strauss saved Franz Josef Strauss acquired

a girl friend before he died at the age of 73 last October. Nothing untoward about that: his wife, Marianne, died sev-eral years before. But Renate Piller, the girl in question, is making the most of it.

A divorcee, who was 29 years his junior, Piller has told her tale in the filustrated weekly,

Stern. "A flame shot between us", she writes of her first contact with Strauss at a cocktail party. He was leaning too heavily against a wobbling buffet table, she recounts, and had to be eased out hy his security men. Their first date went more elegantly: he took her out for dinner a few days later in his un-bodyguarded BMW and showed his maching by revealing that

machismo by revealing that he always carried a pistol in leather bag in case of trouble Strauss's two sons are not amused. They have accused her of trying to secure his hand in marriage and his old housekeeper is quoted as thanking God that the Prime Minister of Bavaria was carried off to heaven in time to keep him from Renate's clutches. Still, Stern knows that it

has acquired only the second-best story. Publication rights to Strauss's own mem oirs have been purchased (for more than DML6m) by the magazine's arch-rival, Der Spiegel and will appear in the

Hanging matter

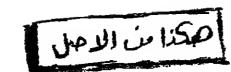
Card in a Fulham shop window: "For sale, wahut wardrobe with two drawers, three shelves, and ample hanging space for man.

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LETTERS

'Only one spark of hope for broadcasting'

From the Chairman of Granada first place? Flawed policies are

Sir, There is one spark of hope - but only one - for the future of broadcasting in Mr Tim Renton's letter (June 29). He does not hammer home as remorselessly as did the Home Secretary in his most recent statement, that only in exceptional circumstances would any bid other than the would any oil other than the highest be acceptable to the Independent Television Commission in awarding franchises to companies which have passed the so-called "quality threshold."

He says, instead, that "all we are requiring the ITC to do is to make public its reasons if it considers that any bid does not meet these criteria."

If that can be interpreted without excessive optimism as a change of tone, it is to be welcomed. Any move which holds the promise of strength-ening the discretionary powers of the ITC, and reducing the scope for financial opportunism at the expense of pro-gramme standards, is worth encouraging.

Taken as a whole, however, Mr Renton's arguments are disappointingly familiar.

Now that the Home Office

has received upwards of 3,000 responses to the white paper (many of which, we are led to believe, express hostility to the principle of auctioning fran-chises) it is not good enough for the Minister merely to repeat the original Government proposals as though they were hased on some eternal, unchallengeable truths.

If the Government is not going to take into account public views on television - let alone those of people working in the industry and bodies representing consumer interest -why invite comments in the

not made any sounder by constant repetition.
Tim Renton accepts that

there is a real problem in defin-ing the "quality" of television programming satisfactorily, but none the less goes on to rest much of his case on the reliability of the screening pro-cess represented by the preliminary assessment stage. Crossing the "quality" threshold will be "no mean task" he says. But why? Any experienced television practitioner could put together a portfolio of programme ideas to meet whatever criteria are considered appropriate by the ITC — ranging from a comprehensive regional service to lustrous drama, from religious broad-

casts to the coverage of white-knuckle sporting events.

If no specific programme requirements are laid down, imaginations will be given free rein - but any pretence of a meaningful quality assessment will disappear. All the FTC can do in the first round is check for evidence of sound finance, relevant management experience, access to creative skills of appropriate calibre and the moral probity of the applicants

themselves.

Most of those who take the trouble to prepare a decent prospectus will get past this hurdle, because there will be no specific grounds for block-ing them.

How can you say, with total

confidence in advance, that a particular individual is or is not going to live np to his

The handing-in of tenders will thus become not the final step in a narrowing down process, as the Government likes to paint it, but the prime determinant of the ontcome. The starting gate for the horses will merely have been moved a little further up the field. Mr Renton says that there is nothing new in this situation. ment will make available to

the FTC to counter this danger,

a deposited performance bond and the ultimate threat of fran-

Such measures represent

only buttresses to shore up the weaknesses which have

already become apparent in

the proposed structure. People cannot be scared into good pro-

gramme-making. What they are able to offer depends on their calibre as producers and

their commitment to broad-

casting for its own sake.

A scared company could not

have been harried into making Brideshead Revisited, The

Brideshead Revisited, The Jewel In The Crown or, most recently, After The War. Even less are they likely to be persuaded to tackle World In Action, This Week or other programmes which sometimes involve collision with authority.

y. . The most you can do with a

company susceptible to brow-beating is to reduce the amount of rubbish it deposits on the screen in the hope that something better will be put on

offer from elsewhere.
The sort of pleasurable tele-

vision experience which Mr Renton probably has in mind when he uses the clusive word

"quality" comes about by a curious fusion of idealism,

ambition, aptitude, restiveness obsession and other intangi

hles. Money is also needed in

large amounts to make pro-grammes, good or bad. But — as the Government

will discover if it pursues its present course – the ability to sign a cheque is the least reli-

able guide to a company's fit-ness to provide what the

nation really wants; a televi-

A native of Berne will know

exactly when he is speaking to

a native of the Wallis, and they may even have some difficulty

in understanding each other

However, if one wrote to the other, he would write in high

The standards of teaching

German throughout German

speaking Switzerland are based on those old fashioned "rather

uninteresting principles" which, however, do seem to

hese days seem to have a "1992" aspect, one could con-clude by saying that the ability to understand how a language

is put together cannot be under-estimated when learning

a foreign (European) language, particularly in the case of the English, who do not have the

sion service worth watching. David Plowright, Granada Television,

chise withdrawal

But there is. In the past, the Independent Broadcasting Authority has pursued its questioning of franchises applicants, and its detailed examination of propos-als, in successive stages and with exhaustive thoroughness. It has also given due weight to the track record of programme companies seeking renewal of their franchise. The weighing up of rival merits has continued until (as with the election of a pope) one candidate has emerged as being more generally acceptable than the others.

That is the number exercise of That is the proper exercise of

discretionary powers; a diffi-cult task, but no more so than the selection of candidates for-many other types of post involving the public interest. The IBA's selection process has its faults, but the overall sucgauged by the standard of the programme service which ITV provides – not perfect, but on the whole well-regarded at

home and overseas.
Under the Government's new proposal, this system will give way to one in which the final decision will rest not on ITC's judgment, but on the contents of the small brown envelopes — the tenders. The temptation to overbid at

this stage will be irresistible; the "let tomorrow take care of tiself philosophy will prevail.
The prime attention of the winning applicant will thus be focused, from the start, not on enriching the television service, but on recouping the money that has been staked in the initial roulette game of franchise acquisition.

Mr Renton points to the sanctions which the Govern-

"WE ARE just beginning to close the socialist parenthesis." My esteemed colleague Samuel Brittan was offering a glass of wine to the first person to get that sentence into a newspaper without inverted commas. I forfeit the reward because my conscience will not let me steal it from its true anthor, the French historian François Furet, who gave the annual Foundation Lecture at Ditchley

Park last weekend. Mr Furet's chosen title was "The French Revolution and the Development of Western Democracy," and his lecture was rich in ideas, as well as in was rich in meas, as wen as in show-stopping phrases. So much so that I cannot forebear to inflict on you what I prom-ise will be positively the last appearance in this column of the Bore of the Year, alias the

Bicentenary.

It is perhaps appropriate to do it on July 4, rather than 14, because the essence of Mr Furet's thesis is to reclaim the French Revolution as the sister of the American Revolution rather than the mother of the Russian. For the previous gen-eration of historians, heavily eration of historians, heavily influenced by Marx, 1789 was "the beginning of the emancipation of Man, but only the beginning because it was a failed revolution, a bourgeois revolution,' which had to be completed by the emancipation of the proletariat." It was 1917 which provided the real dividing line in modern history. Only now, says Mr Furet, "as Eastern Europe began calling for the Rights of Man, free elections and what the Marxists called 'formal democracy' called 'formal democracy' have we discovered that in fact the key division was the "democratic revolution" (both American and French) of the late eighteenth century. The Bolsheviks thought that with 1917 they had buried 1789. Here, at the end of our cen-tury, we see that the opposite is happening it is 1917 that is being buried in the name of

Mr Furet concluded with the confident assertion that in western Europe the principles of 1789 have now been "mastered at last and embodied in free institutions, and thereby [bronght] closer to the Anglo-Saxon tradition." Europe, he believes, "having once invented the nation-state that remarkable instrument of civilisation which almost proved fatal — is now facing proved fatal — is now facing the challenge of inventing a new form of community composed of a collection of peoples who have for so long been in conflict. A shared economy will not be enough, and nor will a 'Europe of nations' or, conversely, a 'Nation of Europe' conceived along the lines of the nations which have FOREIGN AFFAIRS

From UK subject to European citizen

Edward Mortimer on how the French Revolution intertwines with other political traditions

populated its history." Europe, "having issued from a victory of societies over nations," would now have to "come up with a different kind of popular will, that will be as strong as the feeling of belonging to a nation - something the Euro-pean institutions are too young

what exactly can inspire it remains unclear. Perhaps that very idea of "victory of societ-ies over nations"; the aware-ness, as Mr Furet puts it, of having "learned how to handle more prudently the store of emotions that constitute mem-bership in a nation." That could form the basis of a West European identity if, as seems all too likely, the lesson takes longer to learn in other parts of the world. It could distinguish western Europe from regions where the nation-state is of more recent origin, or where nationalism, after a long period of being suppressed by pseudo-international commu-nism, is still seen as the essence of freedom.

Perhaps it could even distinguish it from the United States, where nationalism still seems to be cultivated as a form of collective psychotherapy for the withdrawal pains of world leadership, That would be ironic because, as Mr Furet admitted, the rehabilitation of "formal" freedom and "formal" democracy around the world owes more to American than to Buropean influence, and is a vindication of 1776 at least as much as of 1789. Indeed he attributed the success of the

Fifth Republic in achieving, at long last, a consensus among Frenchmen about their political institutions, to the fact that those institutions had "integrated elements from cuttide." grated elements from outside of the [French] revolutionary tradition." These include an antonomous judicial power, the Conseil Constitutionnel. responsible for overseeing and verifying the constitutionality of laws; and a head of state elected by universal suffrage.

"an idea passionately rejected by the French revolutionaries." Both these elements come, of course, from the United States. Mr Furet concluded that America and France have never been closer. Some people in France, he added, would now like to adopt the whole US system including a Supreme Court, but he himself thought the French adaptation "rather happy." He favoured at least a partial retention in France of the principles of 1789 on the very grounds which Burke invoked in 1790 to oppose them; they now form part of that accumulation of customs and mores which make up the living "Constitution" of a given

human collectivity. Mr Furet described the American Revolution as comparable to the French in that both proclaimed universal truths (society has to be founded on the Rights of Man, etc) — whereas the British case, he said, was "completely unique." Free institutions in Britain were derived from a specific English tradition that did not make such universal

claims. Yet he also said the hig difference between the American and French Revolutions was that in America "you have the recovery of English com-mon law"; and his reference to the "Anglo-Saxon tradition" implied that the doctrine of limits on power, even when that power is based on popular sovereignty, is common to Britain and the US.

That may have been partially true in the eighteenth century, when the King of England was still an executive head of state, on whose powers those given to the President in the US Constitution were roughly modelled. roughly modelled - though even then Britain had no written constitution and no judicial hody capable of judging the constitutionality of decisions taken by the King in Parlia-ment. But ironically enough the War of American Independence was the last occasion when the King's influence was decisive in determining the composition and policies of a British government. Thereafter the role of the monarchy was gradually reduced to an almost entirely symbolic and ceremo-nial one, while the doctrine of popular sovereignty associated with the American and French

revolutions gained ground in Britain too.

And, by a further irony, in Britain it took the form of "parliamentary absolutism" one of those negative aspects of the French Revolution, or the French Revolution, according to Mr Furet, which France has now at last grown out of — rather than the care-ful distribution of power among different levels and institutions of government, which he sees as "Anglo-Saxon" hut which was in fact specifically American. Sovereignty in Britain today is located exclusively in Parlia-ment, or rather in the House of Commons which alone derives its authority directly from the people. Even such fundamental liberties as habeas corpus and freedom of expression are not entrenched, hut can he abridged or abolished hy Parliament, if it so chooses, without the aggrieved citizen having and here!

ing any legal recourse.

At least — and this is the final irony — he has no legal recourse in Britain. There are now indicial bodies capable of overriding decisions of the British Parliament, but they are to be found on the conti-nent: the Court of the European Community in Luxembourg, and the European Court of Human Rights in Stras-bourg. In this sense Britain is clearly now less "Anglo-Saxon" than its European partners, and closer integration into western Europe is likely to strengthen rather than erode the liberties of British subjects.

Verbs, nouns, relative pronouns, adverbial clauses and all that

From Mr Nicholas Dale.

Sir, Although I have not read working party, chaired by Pro-fessor Brian Cox, which covers the teaching of English in schools, I should nevertheless like to make a few observa-tions, it seems that the report gives little credence to the teaching of grammar, but emphasises free expression — whatever the results of that

I went to a London gram-1971. It actually taught me about such weird and wonderful things as verbs, nouns, relative pronouns and even adver-

All pretty esoteric stuff and, I must agree, "mostly mechani-cal" and not particularly inter-esting. Nevertheless I appreciate now (at the ripe old age of 36) that it helped me then to write those traditional essays which are now overrated, and helps me now in writing a report which begins at the right place, has a middle; and tries not to confuse it with the

YOU EXPRESS YOURSELF FREELY AND EVEN IMAGINATIVELY, SANDERS, BUT SHOULDN'T IT HAVE MORE COMMAS AND THINGS IN IT?

would be one of the first to make encouraging noises in retaining them. However, whether you are a London "Cockney," coming from within earshot of Bow Bells, or a "Geordie" from Newcastle, in the north east of England, you need a standard means of com-municating in written form.

The standard means of com-

municating in writing in the British Isles is English. Because the English which is allowed to develop by the Lon-don Cockney is likely to be dif-ferent from that as developed

by the north eastern Geordie, the two may end up writing an each other's, 1 am very much in favour of language evolving or growing, but the parameters

or growing, but the parameters have to be set.

I have now been living and working in Zurich, the German speaking part of Switzerland, for the past seven years. It is interesting to note that for 60 per cent of Swiss the common written language is high German — but within that 60 per cent there are numerous diacent there are numerous dia-lects.

same natural geographical advantages as Switzerland, which borders on four comtries where three European

languages are spoken. Nicholas Dale, 8142 Uitikon, Allmendstrasse 10B,

work.

New-for-old UK academics may not be easy to find

Sir, With reference to your universities, has anybody con-

to do this in the US, deter-mined eventually to return home. I now have to decide whether to continue in my American PhD programme, knowing that my desire to return home will bring me into a university system with poor salaries, little funding and no tenure or prospect of it for new

My wish to be in Britain will probably win over my commit-ment to scholarship, and cause

who continue graduate study in the US will be less likely to return to Britain – having setaccustomed themselves to universities which pay good sala-ries and provide decent work-

Before too long, however, these may well be the main group of "British" academics - British by birth and educa-tion to the age of 21, but not by

professional training or resi-Is the UK Government really assuming that the Third World will provide all the teaching staff necessary - and if not, where else does it expect to obtain them? Alan Trench.

Massachusetts 02134.

me to leave academia. Those From Mr Alan Trench:

current correspondence about the brain drain from British sidered whence the new academics will come to replace those who are now middle-aged and who will retire in five or ten years' time?

The shortage of money to support graduate work in the social sciences led me - like many others - to leave Britain

Accounting for goodwill

From Mr David Damant. Sir, Richard Waters and your Lex columnist (June 23) refer to proposals on accounting for goodwill, under discussion by the Accounting Standards Committee (ASC). Lex's comment that the writing-off of goodwill through the profit and loss account could lead to a strong varying of commanies strong re-rating of companies whose earnings are affected is not in accordance with the evi-

As the recent London Busi-ness School report on a parallel subject, brands, points out, many studies have looked at accounting information and share price reaction. "The relationship hetween reported accounting numbers and share returns is not a mechanistic one, that is, the market does not take accounting numbers at face value, but uses a broad-based information set in interpreting their information con-

5Hif

If an accounting change has no cash flow implications (which it will not, in the case of the goodwill changes, unless there is a tax effect), and there is no change in disclosure, then there will be no effect on share prices. The London Busi-ness School-survey of analysis and bankers' views on brands and bankers' views on brands supported the other evidence. Nevertheless there will be serious results from these accounting changes in the real economy if company manage ment believes that such changes have an effect on

share price valuation. The fact that so many company chair-men on both sides of the Atlantic appear to believe that the difference in accounting for goodwill as between the US and the UK affects takeover possibilities is a case in point. You could argue that good-will does not very easily fit either to the current accounting framework or any frame-work which could be reasonably devised. Goodwill is not unique in posing conceptual difficulties: accounting for foreign currency translation is

another example. another example.

Arguments for writing off goodwill over a period are often disputed, but there is one element in the goodwill which arises on a takeover which it is absolutely necessary to write off through the profit and loss account. Before a takeover, and assuming the shares are and assuming the shares are efficiently priced, the company taken over may have stood at a price which represents a degree of goodwill over its asset value. The takeover price is normally higher still, and this extra premium represents some or all of the benefits of the merger; the evidence is that a good proportion of the value of these benefits is extracted by the shareholders of the company taken over. In other words, this second element of goodwill (the differ-

ence between the original share price and the price at which the company is taken

over) is the discounted present

value of the future additional earnings of the new group. As such it is extremely pure (discounted earnings only) and, as those earnings come through over the subsequent years, it is correct to write off this ele-ment of goodwill through the profit and loss account, because the earnings which are flowing have already been paid

Comments that the ASC has been forced to rethink its pro-posals on such things as off belance sheet finance are misplaced: it is simply that due rocess cometimes takes some

David Damant, Paribas Asset Management, 68 Lombard Street, EC3

From Mr Philip Globs.
Sit, I am alarmed at the ASC working party proposal that goodwill should be written off against profits over a number of years.

The contention that goodwill depreciates like any other

assets is very doubtful. In most cases goodwill is only paid in the belief that it can be enhanced, not that it will prove to be a wasting asset.

Choosing the length of time for depreciation is bound to be far more arbitrary than for a tangible asset. An enormous penalty would be imposed on the profits of companies sec ing to expand by acquisition rather than organically. The overall result would be a gross

distortion of earnings figures.

British and Commonwealth can be taken as an interesting example. Earnings before and after goodwill amortisation are published, but fortunately the investment community has more sense than the ASC working party in disregarding the after-goodwill amortisation figure. Goodwill is purely a balance sheet item and should remain as such — preferably, in most cases, written off directly against reserves. Philip Gibbs, CL Alexanders Laing & Cruick

Takeover at

"any unused portion of its recent provision . . . would flow back later into earnings." As we formally advised anslysts and the financial press on and will not flow back into

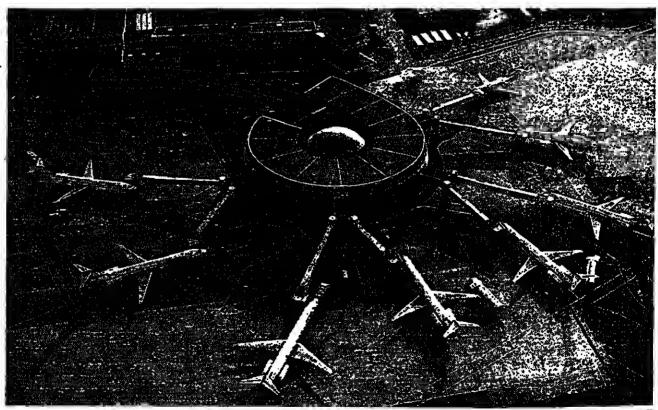
7 Copthall Avenue, EC2

Pillsbury

From Mr Clive Strowger Sir, In Roderick Oram's article (July 3) on our takeover of Pillsbury reference is made to the opening provision we have set up. The article states: May 12 1969, and in line with best accounting practice, any surplus provision will be returned to the balance sheet Clive Strowger, Group Finance Director, Grand Metropolitan,

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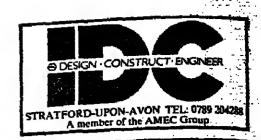
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AUSTRIAN AIRLINES

THE FRIENDLY WAY TO FLY.

FINANCIAL TIMES

Tuesday July 4 1989



Gorbachev to visit Paris despite Gromyko's death

By Paul Wintrey in Moscow

MR ANDREI GROMYKO, 79, who served an unrivalled 28 years as the Soviet Union's Foreign Minister, died in Moscow on Sunday after a short

His death, which was announced by President Mikhail Gorbachev at a session of the Supreme Soviet yesterday. falled to disrupt Mr Gorbachev's sched-uled three-day visit to France, which

begins today.

The Soviet Prime Minister, Mr Nikolai Ryzhkov, who will preside over tha funeral, told journalists that Mr Gromyko would be interred in Moscow's Novodyevichy cemetery tomorrow, and not in the Kremlin wall

A burial in the Kremlin wall, reserved for top leaders including Josef Stalin and Leonid Brezhnev, would have been a full-scale state occasion whereas Mr Gromyko's burial at Novo-dyevicby, in the grounds of an ancient monastery, suggests that the funeral will be more of a family affair with only a few sonior leaders present only a few senior leaders present.

After helping to promote Mr Gorba-chev to the post of General Secretary in 1985, Mr Gromyko was promoted to the largely ceremonial post of President, allowing Mr Gorbachev to take control of foreign policy. Last September, Mr Gromyko was forced into retirement so Mr Gorbachev could add the post of President to his portfolio.

Although Mr Gromyko played an important role in Mr Gorbachev's promotion he had recently began to show concern over his reforms. In May, Mr Gromyko wrote a magazine article in which he cautioned against abandoning the collective farming system, suggested that recent cuts in tha defence budget might be going too fast and criticised the press for focusing too much on Stalin's crimes.

much on Sham's crimes.

In April Mr Gromyko was unceremoniously dropped from the party's ruling Central Committee, along with 109 other ageing members. Whatever support he may have shown for Mr Gorbachev in the early days, Mr Gromyko's style and substance could not have

been further removed from the new direction of Soviet foreign policy. Nicknamed 'Mr Nyet' after he east 25 "no" votes in the United Nation's secu-"no" votes in the United Nation's security council in the 1950s, Mr Gromyko was once described by Soviet leader Nikita Khrushchev, who appointed him to the post of foreign minister in 1967, as tha ultimate public servant who would drop his pants and sit on a block of ice if his superiors asked him.

Under the leadership of Mr Eduard Shevardnadze, the Soviet Foreign Ministry has set about a thorough review

shevarunate, the Soviet Foreign annistry has set about a thorough review of everything Mr Gromyko did, launching the Soviet Union on a course of "new thinking" in foreign policy.

Gorbachev in France, Page 3





A youthful Andrei Gromyko (far left) steps out for Buckingham Palace in 1952 as the new ambassador to Britain. Nine years later (centre) with Khrushchev at the United Nations in New York. And last year with President Mikhail Gorbachev.

Policy guru whose legacy has been buried

John Lloyd chronicles the life of the man who served every Soviet leader from Stalin to Gorbachev

EW MEN were more of their age than Andrei Gromyko, and none survived as long at or near the top of the Soviet power structure. He served every general sec-retary from Stalin to Mikhail Gorbachev, praised them all in his carefully opaque memofrs, published earlier this year, and was the executor, and then the shaper, of Soviet foreign policy over the time which will probable executors to be seen as its great bly come to be seen as its great

imperial period. Stony, clever and committed, Mr Gromyko was the stuff of which communist pride in the revolution was made.

The son of a poor peasant,

born in July 1909 in the village of Old Gromyki on the upper reaches of the Dnieper, be was bead of the US section in the Foreign Office before he was 30 and ambassador to the US by

He said, and probably party: and certainly, the par-ty's creation of a new elite drawn substantially from the ranks of the peasantry and the working class was a massive and brutal redistribution of power away from a corrupt aristocracy and a nseless bureaucracy (which has re-appeared, enlarged).

In his tenure of ambassadorship from 1943 to 1946, he advised Stalin at the Yalta and Potsdam conferences before shifting to the post of perma-nent representative at the UN (with the rank of deputy forMoscow in 1948, and was promoted to first deputy minister

He became a candidate member of the politburo in 1952 and a full one in 1956. in 1957 he began his 30-year tenure at the foreign ministry.

foreign ministry.

He was described by Nikita
Khrushchev (whose succession
he had actually opposed) as a
"craftsman" — and that probably explains something of his
longevity in high office
through periods be dangerous.

Although he must have Although he must have known more than his memoirs disclose, it is likely that he deliberately immersed himself in foreign affairs and could thus insulate himself against

the worst of the domestic purgings and infightings.

in his memoirs, he paints a sympathetic and admiring portrait of Stalin — which is then his dark side, which reads more formally. "His memory worked like a computer and missed nothing. . . I came to realise what extraordinary qualities this man possessed... bow much depended on the

will of this man... I never heard him say anything that was not precisely relevant to the matter at hand... His thinking consisted of precisely formulated, original ideas... [He] was one of these few lead-ers who would never allow bad news from the front to obscure his assessment of the facts, or

eign minister). He returned to his faith in the Party, the people and his armed forces." It is clear Mr Gromyko learned a great deal from Stalin; most of all an uncompromising, initially flexible, defence of Soviet interests.

His power grew incrementally, especially under the increasingly ill Leonid Brezhnev, who confessed he knew little of foreign affairs; the record of these years, from the early 60s to the early 80s, is of the growth of Soviet influence in the Middle East, Latin America and Indochina, the growing enmity with China and the unyielding determina-tion to suppress dissent in Eastern Europe.

romyko's reflections on the Prague Spring in his memoirs are brief, but to the point: the intention had been to stage a coup d'état, but "requests to the Soviet Union and other socialist councounter-revolution" were received and "immediate and effective support" succeeded in channelling events "in the desired direction and the col-lapse of the counter-revolution was an established fact". After that, all that was required was "to strengthen the country's internal forces. The people

expected nothing less".

He it was who, more than any other high Soviet official, centred foreign policy on the US: his early training and ori-entation must have predisposed him in that direction.

bnt it is likaly he was reflecting a common percep-tion in the leadership that no other relationship was anywhere near as important. The breakthroughs and trea-

ties of the early 1970s with Richard Nixon and Henry Kis-singer were perhaps the high points of his career: tha reverses of the later 70s and 80s made him reflect caustically on the decline in US presidential quality (especially in the case of Jimmy Carter) and the inconsistencies of its foreign policy.

His typically unhelpful com-ment on the relationship is that "when the American leadership is being realistic, our relations are good and this is reflected beneficially in the world situation. When there is no realism, relations worsen, with a corresponding effect worldwide." In retrospect, his part in extending the Soviet sive than once it did - most of all, in Soviet terms.

Although he supported the elevation of Mr Gorbachev to general secretary, it was Mr Gorbachev wbo, inevitably, replaced him as foreign minister with the Georgian Eduard Shevardnadze in 1985, and who quietly ushered him out of the Politburo in September last year, with a number of other ageing souls in the Central

The speed with which Mr Gorbachev and Mr Shevardnadze moved to dismantle the

fundamentals of Soviet foreign policy showed both how iron and conservative the grip of the Gromyko doctrine had become - and that it was in this area where initiatives were possible and results

achieved most easily.

Tr Gromyko was 79
when he stepped
aside from any kind
of power, with nearly 60 years
of Soviet diplomacy behind He takes nearly all the secrets to his grave, leaving in

his memoirs a few insightful comments, but mostly the blandest of glosses on his and others' initiatives.

His memoirs' penultimate chapter, The Party Carries Lenin's Torch, is a po-faced reassertion of the faith with a lick of perestroika covering the rust: "By its nature, socialist society creates the possibility for limitless expansion but in become a reality, everyone's total effort at the workplace is needed, as well as the focusing

of their way of thinking." His judgment on Henry Kissinger - typically harsh - concluded with the pointed quotation from Seneca that "when a man does not know which har bour to head for, no wind is

Mr Gromyko knew which harbour to head for, throughlegacy to the Soviet Union was one which his successors have had rapidly to tear down.

Snub to Britain

Kong."
It is believed the plan could involve issuing UK passports, or maybe only certificates of

Basic Law Plans for China's Peoples Liberation Army to be stationed in Hong Kong would need "rigorous attention."

US court imposes tighter abortion laws By Llonel Barber in Washington

THE US Supreme Court yesterday imposed new restrictions on a woman's right to an abortion, igniting renewed national controversy on the most explosive and emotionally charged political issue in in a long-awaited ruling, the

Court rejected pleas by tha Bush Administration to over-turn the key 1973 Roe v Wade decision which legalised abor-tion in the US. But it upheld most parts of a Missouri law making it more difficult to terminate a pregnancy.

The 5-4 ruling sets the stage for intense conflict in state leg-

islatures which may spill over into national elections, particularly the mid-term races for the House and Senate next year.
The narrow vote underscored the "Reagan legacy," the conservative majority which former President Ronald Reagan created through his appointment of three new justices, O'Connor, the sole woman justice who concurred in yes-

terday's ruling.
The restrictions effectively

abolish abortions in public hos-pitals or clinics, hitting the poor the hardest. They ban the spending of public funds to connsel women to have the operation and bar public employees from participating

in abortions. Women at least five months pregnant will be required to have their doctor check on the foetus's weight and lung development to determine if it could survive outside the womb. The law does not prescribe what happens if the foetus is deemed able to survive, but most assume this would rule out an

abortion.

Anti-abortion campaigners halled the ruling as an invitation to the individual states to write tough new laws against abortion: "It's the beginning of the end of legalised child-killing in our nation," said Barbra Magera, an official of Operation Rescue. "We see this as a remarkable victory for us in remarkable victory for us in the pro-life movement."

Chief Justice William Rehnquist, writing the majority opinion, acknowledged that the ruling would "undonbtedly

WORLD WEATHER

allow more governmental regu-lation of abortion than was permissable than before," but be rejected the charges that the states would return to the

"dark ages."
Ms Molly Yard, president of the National Organisation of Women, vowed to take the abortion debate to the nation: "Every person who stands for election in this country is going to have to answer: are you for the right of a woman to control her reproductive life. If you aren't, move on over."

Noting that the court had agreed to hear three more abortion cases in the antumn. Ms Yard said. "They will chip away some more. Pretty soon, nothing much will be left for a woman in terms of controlling her reproductive life."

Justice Harry Blackmun, one of the four dissenters and the

Justice who wrote the 7-2 majority opinion in Roe v Wade 16 years ago, agreed. He accused the majority justices of cowardice and said the ruling was "profoundly destruc-tive of this court as an institu-

Official estimates are that there are 15m abortions per-formed in the US each year, including 500,000 on teenagers Since the Roe v Wade ruling, anti-abortion activists have grown in strength, firebombing clinics and staging sit-ins out-side bospitals which perform

abortions.

Thonsands have been arrested, including one of the principal authors of the Missouri law which went before the Court in the "Webster v Reproductive Service" case.

Mr Bush, who has modified his position on the right to an abortion, opposes, like Mr Ronald Reagan, abortions except in cases of rape, incest and when the life of the mother is threatened. In the run-up to yesterday's ruling, Mr Busb circuday's ruling, Mr Busb circuday's ruling, Mr Busb circu-lated a video broadcast to supporters in which he fore-

cast the eventual triumph of the anti-abortion movement. The court has recently aroused a national controversy by upholding the right of protesters to burn the American flag as a means of political pro-test.

in Hong Kong

Continued from Page 1 vate and public sectors on the basis not simply of connec-tions with Britain but also the value of service to Hong

entry, to select groups. This would be in addition to about 3,000 civil servants and police who have already been secretly given undertakings.

The second area of action concerned "circumstances of

concerned "circumstances of an extreme situation." Britain an extreme similation." British
"would not close its door" if
things went "catastrophically
wrong." It had already started
work on a plan which would
include mobilising "the international community."

into detail, that Britain was considering a faster pace of democratic development in Hong Kong, and that issues to be raised with with China included strengthening the

Japanese party deserted by electorate

Ryutaro Hashimoto, the LDP secretary general, moved quickly to try to rally the party. Now was not the time to discuss the leadership's responsibilities, he said; there had to

be unity. Government officials insisted the ruling party's political troubles would not affect foreign policy - including its position at the forthcoming Paris summit of Western leaders. Howaver, business and trada union leaders called on the LDP to promote reform or face the electoral consequences.

.The financial markets were unsettled: the yen fell sharply against the dollar in Tokyo and the Tokyo stock market was well down in early trading but later recovered to close np 287.73 at 33,236.42.

In the municipal alection, the LDP saw its seats on the council fall from 63 to 43. The socialist party's total, which had generally been expected to double due to the ruling par-ty's problems, jumped from 12 to 36, including seven JSP-asso-ciated candidates. The socialists also took support from the

Japan Communist Party. The LDP will retain control of the council because the support of allies including the Komei (clean Government) party will enable it to rely on

75 members out of 128. Nevertheless, the socialist party's block of 36 is its largest total on the city council for 20 years. The figures highlight that even though LDP losses this time were severe, the party started from a strong position, which was reinforced by election successes in the

THE LEX COLUMN

Boots prescribes some DIY

On one crude measure, the market disapproves of a Boots/ Ward White merger: in the course of yesterday's trading, the combined value of the two companies fell by £56m. There is no question that the bid is an extraordinary volte-face for Boots, whose recent market revival has rested chiefly on its exploitation of existing assets.
At this stage in its development, with net cash at £200m and rising. Boots is bound to feel vulnerable. It is not alone in feeling that pharmaceutical companies are too expensive to buy; but it need not follow that shareholders' money is best employed in a sideways lunge into DIY.

Granted, the DIY business comes as part of a package which includes the real attraction, Halfords. And indeed, the chaos in the DIY market might suggest that this is the time to get in cheaply. The snag is that while Boots claims to be able to fill a gap in Ward White's strategic thinking, it has to concede not only that the busi-nesses are tightly run, but that there is little or no overlap with Boots' own operations. Indeed, if the plan is to reposition the DIY business and increase its capital expenditure, there may be awkward implications for Boots' earnings in the medium term.

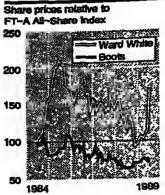
Of course, it may not come to that. In pushing the Ward White price 10 per cent above the offer yesterday, the market is calculating not only that with Boots' own operations.

is calculating not only that Boots can afford to go higher, but that others are likely to come in. If these include the professional break-up mer-chants, the bidding could go out of Boots' range. It can then retire with a handsome profit on its stake; whether its former market image can be so easily recouped is another matter.

BSN/PepsiCo

It seems clear that BSN has handled the Nabisco Europe deal with considerable adroitness. Having forestalled its rivals by bidding a staggering price for the lot, it has now sold on the unwanted bits at a fractionally higher multiple again. As a result, it apparently ends up paying just over 26 times for companies which will fit neatly and economically into its existing biscuit empire. PepsiCo, by contrast, is paying nearer 28 times as a straight entry fee to the UK snacks market, in which it is not yet represented at all.
It almost defies belief that

the humble Walker's potato crisp can fetch a price of close



to a billion sterling. But the deal again illustrates the peril of being left out of the consoli dation process. Poor little United Biscuits is starting to look boxed in: up against Nabisco in US biscuits, Uni-lever in frozen food, BSN in Europe and PepsiCo in snacks.

looking rather short.
Wall Street, at least, seems to go along with the consolidation argument, judging from PapsiCo's almost unchanged share price yesterday. BSN's price rose sharply but that will have been mostly relief from worries about a rights

The odds on its independent survival look increasingly slim

in the medium term: though for the moment, with both BSN and PepsiCo out of the run-

ning, the list of assailants is

Consumer spending

There is still a possibility that the latest surge in UK retail sales is an aberration, or can be blamed on the freak good weather in May. However, there must now be a worry that the shock effects of the Government's high interest rate tactics are beginning to wear off, and that consumers are off again on another bor-rowing binge. The latest UK consumer credit figures point in this direction; and the 4 per cent growth in retail sales in the latest three months, com-pared with a year ago, is in stark contrast to the US, where retail sales are now declining in real terms. Throw in yesterday's results from First National Finance

Corporation, one of the biggest players in the consumer lend-ing sector, which show lending for home improvement and debt consolidation are still growing by around 15 per cent per annum - or more than twice as fast as the core rate of inflation - and there is plenty of room for concern. The official line is that since 85 per cent of total household debt is accounted for by mortgages there is no real reason to worry about the growth in-other types of consumer lendothers co

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However, this is far too sanguine a view, especially if these sources of credit are proved responsible for maintaining a growth in UK consumer spending which is his dering an improvement in the trade balance. The pressure for yet higher mortgage rates is growing, but an overheated housing market is no longer the major problem.

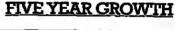
It is hard to quarrel with the market's reaction to a weekend of what appeared inspired rumour that the Ministry of Defence may have finally halted the GEC/Siemens bulldozer in its tracks. Yesterday's 17p drop in Plessey's share 17p drop in Plessey's share price to 23sp was not merely a question of chopping out the hid premium that has just heen keeping the stock above its mid-1984 levals: it also expressed more long-term concerns about the kind of Plessey that shareholders could be left with

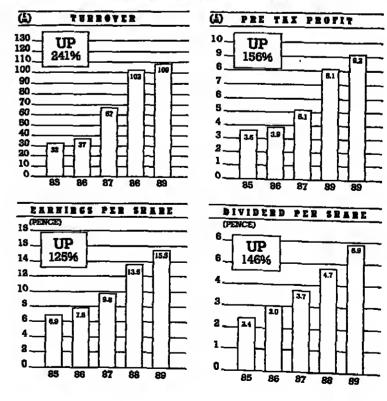
The market now seems to believe that Plessey will escape by selling GEC its so per cent of GPT. Given the legal com-plexities that have always sur-rounded the joint venture scheme, it is hardly surprising that estimates of the price vary from £500m to £800m. The higher figure looks more realistic; Plessey has spoken of about 16 times after tox earnings as a fair price for total surrender to GEC/Siemens. Applying that multiple to its half of GPT gives a rough figure of £850m. ure of £830m. That figure would be som

sort of achievement, even allowing for capital gains tax, if the Ministry of Defence is genuinely adament that Plessey's electronic encoding machines must not stray into German hands. But take out GPT, and Plessey is left dependent for 50 per cent of its operating profits on low-margin, slow-growing defence electronics. The new Plessey would have a sizeable cash pile, even after clearing its present £200m debt burden; but the prospect of seeing Plessey turn itself into a smaller version of the GEC of the early-to-mid 1980s. cash-rich but chronically addiff of the stock market, is unap-

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- Dividend per ordinary share up 25%

CARCLO ENGINEERING GROUP PLC

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FINANCIAL TIMES TUESDAY JULY 4 1989

SECTION III FINANCIAL TIMES



A dozen nations have made nuclear power an indispensable part of their electricity supply. But

others continue to resist its use, despite growing evidence that it is environmentally the least damaging source of electricity, writes David Fishlock, Science Editor

Wrestling with stagnation

NUCLEAR power is no longer seen as the panacea for the world's energy problems, as it was in the 1960s and into the 1970s. That much is plain from the latest projections of the OECD's Nuclear Energy

Agency.
The output of nuclear electricity from the 24 nations of the OECD continued to increase last year, by 8.9 per cent. Ten new reactors came on-load. It now provides nearly a quarter of the electricity in OECD member-states.

But half of them still have no nuclear electricity at all, and those with it foresee only a modest expansion by 2000, with the exception of Belgium and Japan. The agency expects a further small increase overall, to 23.8 per cent by 1990, but thereafter a slow decline, to 22.7 per cent by 2000 and 21.8

For the world's nnclear industries this picture presents problems. The nations which have pinned their faith most heavily on nuclear power are nearing completion of their initial programmes. In 1988, France generated almost 70 per cent of its electricity from its 55 reactors (54,000 MW of capacity), and the US, 19.5 per cent of its electricity from 110 reactors (102,000 MW).

Hopes once entertained by these two nations — and oth-ers — that their manufacturing industries would remain well occupied fulfilling the nuclear needs of others have not been realised. The situation is sum-marised in the words "wide-spread stagnation" heading a survey of world prospects for nuclear construction published by the Nnclear Engineering International journal last month. It concludes that the Soviet accident at Chernobyl in . 1986 has cast a long shadow, while the wide variation in economic performance of reactors is an unconvincing counter to the prevailing

One need look no further than the UK to see the eco-nomic variability. In the past year British utilities have comsioned new advanced gascooled reactors at Torness and Heysham whose performance in speedily rising to full power and remaining there stands comparison with any worldwide. But the same industry still suffers the agonies of AGRs ordered two decades ago which still seriously under-perform and in some cases may never perform well.

Some nations transmit anomalous signals. Sweden gets nearly half its



World Nuclear Industries

from a dozen reactors, and has one of the best records for nuclear performance, yet insists that it will abandon nuclear power by 2010 even though it has no competitive

though it has no competitive replacement power to offer.

The best reactor performance last year came from an American pressurised water reactor, St Lucle, with a load factor of 99.7 per cent. Callaway 1, on which Britain'a Sizewell B programme is modelled, turned in 89.7 per cent. Britain's best, Hinkley A, a first-generation Magnox reactor, reported 87.9 per cent. tor, reported 87.9 per cent. But the top 10 nuclear elec-tricity producers in the west-ern world consist of four German, five US and one Belgian reactors, all up and running for over 10 years. The leader, Biblis A, a 1,200 MW PWR built by Kraftwerk Union, is the first to exceed 100 terawatt(mil-

Non million) hours of electric-

ity production. After 15 nuclear "initiatives" local reference inspired by anti-nuclear organisations in the US – had all failed to pro-duce a vote in favour of closing

ceeded in Sacramento, Calif-ornia, last month. The 970 MW Rancho Seco plant, running since 1974, has a long record of under-performing as well as a bad record of being faulted by government nuclear inspec-tors. The problem, and the real danger to the credibility of the US nuclear industry, of this bad apple had been foreseen. Duke Power, a utility on the other side of the country with an excellent record in running its own seven reactors, even offered to operate Rancho Seco for its owners. They failed to grasp the helping hand.

The UK electricity industry.

for the past 18 months has been wrestling with the problem of nuclear credibility in a particularly transparent situation. The government wishes to privatise the industry, and quickly, on terms that will ensure greater competition in electricity supply. It produced a formula that removes from the Central Electricity Genersting Board its time honoured obligation to guarantee adequate supplies.

According to Lord Marshall, CEGB chairman, the privatised National Power Company which is to inherit the CEGB's entire nuclear inventory will be the only utility in the world with nuclear plant and no obligation to supply its customers.
Instead, the statutory commitment passes to a new organisation. As the CEGB saw it, this change could seriously jeopardise the future of nuclear power at a time when its most

dependable "workhorses" — es it once called its Magnox reac-tors — are nearing the end of their lives, and the big PWRs intended to replace them have barely begun construction. The CEGB has won from government two important concessions to safeguard nuclear power against wilful interference by either government or the new "middle men" between utility and customer. One is that a minimum proportion of the nation's electricity shall be "non-fossil" (meaning nuclear for the foreseeable future). The other is that the government will indemnify the industry against unforeseen future risks in pensioning off the old work-

With these two key concessions, Lord Marshall says be is now confident the nuclear industry can be successfully privatised. By the end of the year he expects to have negotiated a long-term contract with the middle men - the electricity boards - based on a pro-gramme of four 1,150MW "Brit-ish PWRs" of the Sizewell B design, as replacement for the Magnox stations. Unlike the 50-odd private US utilities with nuclear capacity, National Power will start life next year knowing that the design of its new nuclear plants have the blessing of government inspec-tors, and that the finished plants will be accepted on the

For investors in National Power the biggest risk remain-ing will be whether it can build its four PWRs on time and to budget. "Construction so far looks good," Lord Marshall says. He has seen his efforts as head of the exhaustive government inquiry into PWR pres-sure vessel integrity translated which has just received final inspection and been declared

Lord Marshall acknowledges that it will be several years before National Power seriously contemplates a new reactor. But the fact that Power Generation, its competitorto-he, has wun from government the freedom to invest from scratch in nuclear power is a mark of confidence in the

Sights at present are set on a

new generation of reacturs, smaller but simpler, with new safety features, and aiming at reaping economies of scale from the way they are made and assembled. Reactor vendors in the US, Sweden and the UK have proposed designs of 300MW-600MW in the belief that such a size, coupled with the new safety features, could rekindle interest in nuclear power with many utilities facing slower rates of load growth than in the 1960s. These designs, however, are still several years from being tested for public acceptability.

CONTENTS

Britain's nuclear progr

Brazil; Argentina

Fact reactors; Advanced res

Evidence that there is a widespread public yearning for a form of nuclear power per-ceived as clean and safe appeared unexpectly this spring, with the unprecedented display of interest worldwide in claims for "cold fusion". For some years past fusion power has been failing conspicuously to live up to earlier expectation as either an economic or a clean new energy source. One US industry study eveo con-cluded that, when finally realised, fusion would best be used

Then in March two chemists challenged all conventinnal wisdom by claimlng to have cal cell. Today they are proba-hly the world's best-known scieotists. Sadly, they seem to be

For the nuclear industries the strategic challenge must be to fulfil this latent public desire for clean and cheap energy, not by making unsub-stantiated claims, but hy con-sistent and ever-improving persistent and ever-improving per-formance from the investment already made in more than 400 power reactors capable of gen-ersting nearly 330,000MW. The signing in May of a treaty pledging all the world's nuclear utilities to back the cause of better and safer nuclear performance, through the World Association of Nuclear Operators, could be a turning point for the industry.

Nuclear statistics do not lie when they say that nuclear energy is already the safest large-scale source of energy known to man, for its own employees as well as for the public at large. Not only does it contribute little or nothing to the radiation exposure of peo-ple generally, it also offers 330,000MW of power in the western world that contribute nothing to the potential risk of overheating the planet through the "greenhouse effect".

Once these two facts are more widely accepted, the market for nuclear reactors will

A major development on the scale of the channel tunnel or North Sea oil. That's what's happening at British Nuclear Fuels, Sellafield in West Cumbria. It includes the Thermal Oxide Reprocessing Plant (THORP), one of Europe's largest construction projects.

Behind the development lies a huge £5 billion company-wide investment programme over the next ten years.

And the expertise of the world's most experienced company in nuclear fuel manufacture, uranium enrichment, spent fuel transport, reprocessing and waste management.

It's a clear indication of our confidence in the nuclear future.

The company has a customer base of fifty utilities worldwide and collaborative links with American, West German, Dutch and Japanese companies. THORP, due to come on-stream in 1992, already has a

£4 billion order book, two-thirds of which are export earnings. British Nuclear Fuels, building today a resource that will deliver an economic, efficient nuclear fuel cycle service to the year 2000 - and beyond.

British Nuclear Fuels plc, Risley, Warrington, Cheshire. WA3 6AS.

Nirex's search for a peaceful resting place

"THEY don't know what to do with the waste" is probably the most frequent objection raised nowadays to nuclear power.

Technically, it is simply not true. The nuclear industry

probably has a better understanding of its waste management problems than any other industry. But as Mr Neville Fuels' chief executive, puts it: We cannot build a waste repository until society deter-mines where it should be."

Opponents of the industry recognise that their strongest card is to ensure that the industry never gets permanent repositories, so that they can doesn't know what to do with

> **Nuclear critics** recognise that their strongest card is to ensure that the Industry never gets permanent

repositories, so that they can continue to cialm that it 'doesn't know what to do with its waste'

So opponents insist that the radioactive waste must be kept imity to the nuclear activities that generate it, and not be placed permanently hehind engineered barriers away from the public, as common sense suggests. Even at Sellafield, Cumbria, where most of Britain's radioactive waste accumulates and which is probably the most tolerant UK community towards the nuclear industry, the proliferation of radwaste stores has begun to cause local disquiet. The issue came into sharper focus for industry and government in the UK with an inves-

tary select committee in 1986. This report exposed the con-flict between proponents and opponents of nuclear power. It accepted the logic of perma-nent disposal but called for a "Rolls-Royce approach" to engineering standards of waste

The Department of the Environment subsequently trans lated this into a requirement that no member of the public should be exposed to a radia-tion dose exceeding 0.1 milli-Sievert a year from radwaste.

To put this dose limit into

perspective, the average expo-sure per Briton is 25 times as much, mostly from natural ing from the ground and cos-mic rays from outer space. The National Radiological Protection Board warned government earlier this year that some Britons are being exposed to 20-100 mSv a year from radon

Nevertheless, UK Nirex, the body authorised by govern ment to manage radwaste, has drafted a scheme it believes will meet the standard. It abandoned earlier ideas of separate repositories for low-level and intermediate-level radwaste, and now proposes a single sub-terranean repository capable of accommodating 1.3m cu metres of waste of both kinds, already accumulated and expected to arise over the next 40-50 years.

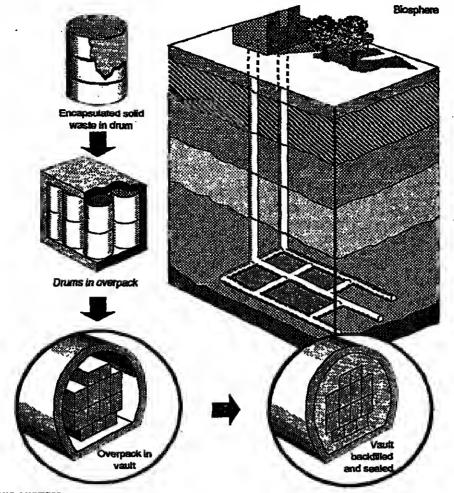
This is the volume of coal Britain mines in just six days. Nirex claims it is only 1.1 per cent of the total volume of toxic wastes Britain will generate over this period. To achieve the degree of

radiological protection stipu-lated. UK Nirex has adopted the multi-harrier approach ing diagram. First, the rad-waste will be encapsulated in cement or bitumen, in steel drums. These drums, in turn, will be sealed in a concrete-and-steel "overpack". Then the overpacks will be stacked in

REALITY

COMPETITION

The Multi-Barrier approach to deep disposal



PAUL SAUNDERS

concrete-lined vaults.

Eventually, the industry hopes these vaults will be sealed permanently. But for the present it is assuming that the government will want the waste packages to remain retrievable. It calls it the "managed, monitored, retrievable approach, and the radwaste will remain retrievable until the safety of the disposal route has been demonstrated to the public's satisfaction.

Nirex acknowledges that the concepts embodied in such a repository are already being tested elsewhere in Europe. Much of this research has been supported by the European Community, now on its third five-year R and D programme into radwaste disposal. Sweden, for example, with

Europe's most advanced radste disposal programme, is completing a sub-sea reposi-tory at Forsmark north of

Stockholm, which has been receiving radwaste for the past 15 months. It is stored in silos 60 metres beneath the sea and 1 km offshore. Next year the Swedish Nuclear Fuel and (SKB) plans to start excavating its Hard Rock Laboratory, precursor to a second repository,

lent of Nirex, has a test site at A select committee report has called for a

for permanently burying unre-processed spent nuclear fuel.

Nagra, Switzerland's equiva

to containing waste Grimsel, using a gallery leading to a hydropower station as

a convenient access to rock with a large overburden. Here Nagra has research done partly

Rolls-Royce approach

in collaboration with West Ger man laboratories Germany itself, through its

early 1990s, for completion around the turn of the century.

Gorleben, for highly radioaclive, heat-generating wastes The Dutch are also exploring salt formations in their OPL programme. France plans to have the first stage of a deep repository in service by 2000. UK Nirex has identified two locations where a deep reposi-tory appears to be both geologi-

acceptable. They are Sellafield Cumbria, centre of commercial reprocessing and therefore the source of much British radwaste; and Dounreay in Caithness, seeking a new mission.

For each there is the attrac tion of a project Mr Tom McI nerney, Nirex's managing director, likens in scale to the

laffeld site has already started. Other things being equal, logistics must favour Sellafield where it may be possible to take conditioned and packaged radwaste straight into the repository without passing into the public domain.

But Mr McInerney believes it unlikely that Nirex will have the government's permission

Physikalisch-Technische Bun-desanstalt (PTB), has selected the former iron ore mine a Konrad for development into a repository for low and interme-diate level wastes. It intends to begin the conversion in the

A separate repository is planned for a salt deposit at

cally feasible and socially

Channel Tunnel, with employ-ment "in perpetuity" for about 350 staff. Test boring of the Sel-

to start excavating on either site before the mid-1990s. He forecasts that Britain's first repository will enter service around 2005.

David Fishlock

NUCLEAR ECONOMICS

Brave new world wakes up to financial reality

AT THE dawning of the age of civil nuclear power after the second World War, engineers were inspired by a seductive dream: that power from the atom would be almost free, pleasing manifold most free, pleasing manifold most free, constants of the true constants of t releasing mankind from depen-dence on the toil of coal mining or the uncertainties of oil.

It is a vision which has continued to inspire the industry even in the darkest days of uncertainty about safety and control of costs. It was rooted, scientific excitement which fol-lowed Einstein's formulation of the equivalence of energy and mass, E=MC², the wonder, that if only one could destroy a tiny bit of matter (M), one could get out an amount of could get out an amount of energy (E) equal to that mass multiplied by the speed of light squared. And light travels at 670m mph.

So it was not surprising that after the devastations of Hiroshima and Nagasaki had been followed by successful demonstrations of civil nuclear power, a sense of euphorla developed among nuclear experts. With hindsight, it appears that this over-optim and incautious attitude to the costs of safety was partly responsible for the serious economic reversals which nuclear power was to suffer in

the 1970s. The sad story of over-optimism among US utilities in the 1960s, construction delays, incompetent project manage-ment, and mounting costs for safety changes after the Three Mile Island nuclear accident a decade ago is now all too well documented.

Mr Victor Gilinsky, the for-mer US nuclear regulator, described at a London conference last year the rapid scaling up of plant from the early 200 MW units to 1,000MW and commented drily: "There were

it is an open question whether even France's nuclear programme will turn out to have been such a good buy

some early caution lights that suggested that the nuclear enterprise might be riskler for utilities than it seemed, but

not many paid attention."

As a result of increased safety and construction costs, much more strident public opposition, a tougher attitude to capital recovery by state regulatory commissions and agement, less than half the projects under way or on the order books in the US 15 years

ago will be completed.

And as Mr Gilinsky said:

"Although the US nuclear generating capacity is larger than those of France and Japan combined. US nuclear con-struction is essentially over."

Few in the US now disagree that nuclear power is likely to prove too expensive, not just against its traditional competi-

Comparisons of the true eco-

Comparisons of the true eco-nomic competitiveness of US nuclear plant is notoriously difficult, partly because of the the great range of capital costs and partly because of the peculiar accounting and regulatory systems used by US utilities. However, the Paris-based International Energy Agency estimated in 1986 that coalfired plant could have a 25 per cent overall cost advantage

over nuclear in the Rocky Mountain region, and would be

After many setbacks, 'US nuclear construction is essentially over

roughly level with coal plant in the central and eastern parts. However this assumes only a 5 per cent real rate of return on capital, which in view of the regulatory and other risks, most US utilities would consider much too low.

For all the developed countries, the IEA figures suggest that the capital costs of new nuclear plant is about 75 per cent more than for a large coalfired plant of equivalent size, but the fuel costs are only bout a third as much.

Since these figures were first published, many experts have run them through the mill of sensitivity analyses, asking the crucial questions as to how nuclear competitiveness stands up to changed assumptions about future construction costs, a different cost of capital (discount rate), different esti-mates of the lives of power sta-tions or relative changes in the cost of coal and the nuclear fuel cycle.

Mr George Yarrow, of Hertford College, Oxford argued in a recent paper in Economic Policy ("The price of Nuclear Power"), that many of the uncertainties could have offsetting effects, so that the IEA estimates provide a reasonable basis for comparing performance, However, Mr Yarrow and almost all other commentators agree that the 5 per cent real discount rate used by most nuclear utilities, but not those in France and Belgium, is too low and should be closer to 10 per cent in real terms (ignoring

This discount rate, which represents the opportunity foregone by not investing the capital in an alternative project, has a big impact on the economics of nuclear power because of its long construc-tion times and relatively high capital cost. A high discount rate may alternatively be seen as capturing some of the risks and uncertainties of nuclear power. With a 10 per cent rate. the IEA figures suggest that taking an average for all the industrialised countries, nuclear power would no longer have an appreciable advantage

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over coal.

However in France, where a huge national programme has resulted in some 61 nuclear plant being built or under construction, capital costs have been brought far below the world average, nuclear norm. over coal. world average; nuclear power would have a 30 per cent cost advantage over coal even with a 10 per cent discount rate.

The success of French engi neers in cutting costs and ohtaining excellent performance from nuclear plant owes perhaps as much to the vision and enthusiasm of the industry as did the failures of the US adventure into nuclear power. But France is also having to

pay the price of excessive enthusiasm in a different way. A huge nuclear infrastructure has been built up, able to turn out perhaps two to three nuclear plants a year for a sys-

Less than half the projects under way or on the order books in the US 15 years ago will be completed :

tem which already has surplus capacity, although in a free market, the potential for exporting cheap nuclear power to other European countries might justify the continued building of plant.

It is an open question, there-fore, whether, considered as a totality, even France's nuclear programme will turn out to have been such a good buy as is sometimes claimed. A more balanced programme, with a different mix of plant and lower debt might in the longer term have proved to be in the best interest of consumers.

It is a balance which in dif-ferent ways, Japan, West Gar-many and the UK will need to assess very carefully, even before giving weight to the pressures of environmental obbies. For if the nuclear age is now passing into maturity, that means the scientific vision of a brave new world must be an accountant's calculator.



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A club back in fashion

UNITED KINGDOM

approach to developing the nuclear industry, briefly fash-ionable in Britain before the "energy crisis" of tha early-1970s, shows clear signs of returning to favour in the 1990s.

This year alone, UK nuclear companies have made a bid for nuclear development cash from the US Department of Energy, announced participation in a \$750m US joint enrichment venture, made a bid for a stake in West German fuel fabrica-tion, and signed the European Fast Reactor agreement.
The new climate dates from

the decision, finally taken by the Government little more than two years ago, to abandon the British line of gas-cooled reactor development and join the mainstream of thermal reactor technology by licencing the Westinghouse pressurised water reactor. It opened fresh opportunities for British companies to compete in world markets for PWR fuel, compo-nents, and specialised services such as safety validation and in-service inspection.

A year later the Government announced plans for privatis-ing tha electricity supply industry. The entire nuclear capacity and support structure of the Central Electricity Generating Board, including the newly-begun Sizewell B PWR and plans to replicate it several times, has been assigned to National Power, comprising 70 per cent of existing capacity.

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It leaves Power Generation, representing the other 30 per ceut, initially dependent on elderly coal-fired stations. It also leaves a risk that nuclear power, in the hands of one company and further protected by the government's stipulation of a 20 per cent non-fossil component of national electricity, could become a cost-plus

PowerGen and other prospective generators after privatisation have won from government the freedom to invest in nuclear power. This opened the way for a new kind of reactor, invented last year by the UK Atomic Energy Authority in partnership with Rolls-Royce and Associates. SIR, the safe integral reactor, backed by two leading US nuclear engineering

ing and Stone and Webster, is seeking \$50m (230m) of support for design and development from the US Government, under its scheme for promoting safer and cheaper nuclear

For National Power, the 320MW SIR is simply an unwanted distraction from all the manifold problems of build-ing a series of hig PWRs on time and to cost by 2000. For its competitors - PowerGen and the electricity boards -SIR could be the way to compete against hig PWRs in the non-fossil sector. Mr John Harris, chairman of

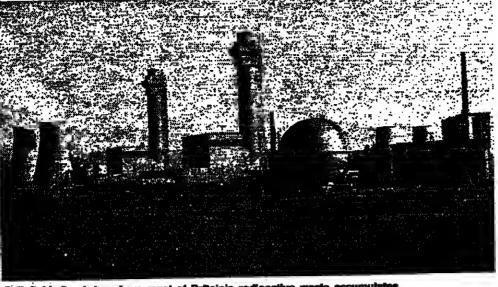
East Midlands Electricity and also chairman of the flotation also charman of the hotaldic committee set up by the 12 electricity boards, says he has been persuaded of the potential merits of a small, factory-built reactor, and has helped per-suade several other electricity boards to back the submission

of SIR for US funding.

Mr James Stewart, chairman
of the British Nuclear Forum,
says these hoards "bring a
freshness of thought that the nuclear industry ought to wel-coma." With PowerGen, Rolls-Royce and the UK AEA, the boards have mustered pledges of another £30m to meet design and development

Last month a new US nuclear consortium, Louisiana Energy Services, announced plans to build the first private uranium enrichment facility in the US. The consortium comprises three US utilities (Duke Power, Northern States Power and Louisiana Power and Light), the US engineering group Fluor Daniel, and the Anglo-German-Dutch enrichment group Urenco. The US facility will use Urenco gas centrifuge technology.

The three European governments have approved the transfer of technology to the US. Urenco will supply the gas centrifuges — more than half the cost of the investment and Urenco will have a shareand Orenco will have a shar-holding in the plant. Its capac-ity when on-stream in 1996 will be 15 per cent of the enrich-ment demand of the US, a country which once sought to monopolise supplies of enrichment to the western world. At



current enrichment prices, the plant will have a turnover of

about £100m a year.
Urenco was the first and is
the most successful of Britain's
international nuclear ventures. The spirit is captured in the way the three partners adopted the nickname "tricka"; originally a somewhat sceptical joke: The partners are the state-owned British Nuclear Fuels, the privately-owned Uranit consortium in West Germany, and the mainly

The new climate has opened the door for **UK** companies to compete in world markets for PWR fuel, components and specialised services

state-owned Ultracentrifuge in the Netherlands. For nearly 20 years, Urenco has pooled its research and lopment to arrive at a single ceutrifuge technology, unique to the group, now used in enrichment plants in each country. Its fourth plant, using the latest technology, will be in A key figure in negotiating

the project has been Senator Bennett Johnson, of Louisiana, chairman of the Senate energy committee, who has hailed it as a "monumental victory" for his oil-based state in attracting new high-technology industry. it will compete with the US Government enrichment monopoly because it uses only about 4 per cent of the energy of the diffusion process, Urenco claims.

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BNFL sees Urenco as the model for other international in Europe. Britain itself faces cutback to about 10 per cent of today's budget over the next operations in nuclear fuel, for example, in reprocessing and fuel fabrication. Urenco's first plants in the 1970s were built only in Britain and the Netherlands to avoid no little of the control of the lands, to avoid political reper-cussions from having enrich-

ment in West Germany.
Today for political reasons
Germany wents to avoid doing its own reprocessing. Britain is negotiating with the German electricity industry to undertake the reprocessing of some 4,000 tonnes of spent fuel from 2002, in a deal that will give BNFL the opportunity to enter the European market for recycled light water reactor fuel. There is growing interest

among many European utili-ties in recycling not only ura-nium but plutonium recovered though reprocessing. BNFL has considerable experience in these areas. "If that's part of the nuclear fuel cycle market we want to be in it," says Mr Neville Chamberlain, BNFL's had a constitute the claims the chief executive. He claims the gas centrifuge has clear advantages over rival enrichment capacity for re-enriching recy-cled uranium.

International ownership is the future of the whole nuclear cycle, Mr Chamberlain believes. The way for Germany's industry to remain in the fuel cycle is for it to buy a stake in plants in other coun-tries, as it did with enrich-ment. BNFL wants to see Germany remain in the fuel cycle. The time may come when it is easier to build an international fuel facility in Germany than in the UK," be says.

Nowhere, however, are the advantages of international collaboration more clearly recognised at present than for

the survival of the fast reacto

Europe is spending about \$300m a year on the technology, mostly in Britain, France and Germany. About \$175m goes into operating prototype and demonstration facilities. The remaining £125m is sup-porting research, development and design for a single objec-tive, the European Fast Reac-tor (EFR). A club of electricity companies called the European Fast Reactor Utilities Group (EFRUG) has commissioned a joint attempt to design EFR as a commercial reactor acceptable to licencing authorities throughout Europe, and com-petitiva in costs with light

water reactors. Britain formally became part Britain formally became part
of the EFR project in February
when the three partners signed
a series of fast reactor agreements covering a unified R and
D programme, a co-ordinated
design team, and the sharing
of intellectual property rights.
The National Nuclear Corporation (a GEC gubridiary). Interation (a GEC subsidiary), Intera-tom (Siemens) and Novatome (Framatome) have hetween them some 250 engineers engaged on EFR design.

The big test for EFR comes next year when EFRUG, as patron, will review progress towards maeting some very demanding objectives. If EFR passes this test, it may move from the network of committees now co-ordinating the project, to a fully integrated of huilding the first EFR.

David Fishlock

FRANCE

Bleak times ahead

NO country has pursued the uuclear option with such unswerving determination as France. Not only has it developed an industry capable of handling every aspect of the nuclear cycle, but it is second only to the US in its nuclearbased generating capacity. Yet just when it has virtu-

ally completed its equipment programme, France faces fresh problems: oil prices have slumped, confidence in nuclear has been shaken by Chernobyl, one country after another has frozen its nuclear programme and even France now faces a significant electricity surplus. Few people in France ques tion the country's decision to give nuclear energy such priority. With virtually no oil, gas or coal resources of its own, nuclear was the only way France could reduce its dependence on outside suppliers. dence on outside suppliers. Planners admit that too many plants have been built, but they consider this is but a tem-porary problem. In their view, the problem is just one of maintaining France's techno-

logical and industrial capacities during the lean years ahead. It is this question that Mr Philippe Rouvillois, former French railways chairman, will be examining in a report which was recently commissioned by the French government. France's nuclear programme has been pursued with almost military precision. The driving

force from a research point of view was the Commissariat a view was the Commissariat a l'Energia Atomique (CEA) which developed France's "force de frappe", but in the end CEA's graphite-gas technology was abandoned in favour of the pressurised water reactor (PWR) technology developed by Westinghouse.

While the state-owned utility Electricite de France (EDF)

Electricite de France (EDF) assumed overall responsibility for the programme, Framatome was selected as the exclusive supplier of the reactors and Alsthom (Compagnie Generale d'Electricite) of the turbine generators. Cogema, the indus-trial subsidiary of the CKA, handled the fuel cycle. It controls some 20 per cent of the world's uranium resources, has a controlling stake in the uranium enrichment consortium Eurodif, manufactures fuel in association with Framatome and Pechiney, reprocesses spent fuel at La Hague near Cherbourg through its subsid-

iary Cogema, and looks after the storage of nuclear waste. The decision to reprocess was partly motivated by military factors, but it was also based on the conviction that fast breeders would eventually be needed because of the limited availability of uranium in the world. With the US hesitat-

France has emerged as the world leader in this field. some 20 years after switching to PWR technology, the French have virtually completed their nuclear programme. At the end of last year 49 PWRs were in service,

ing over the fast reactor,

Planners admit that too many nuclear plants have been built

representing around 50,000MW of capacity. Another three plants are due on-load this year and by 1993 57 PWRs will he in operation with a total capacity of around 60,000MW. With the help of the Italians and the Germans, the French have also built the world's biggest demonstration fast reactor, 1,200MW, at Creys-Malville

in southern France.

The basic objective has been achieved. Oil and coal are hardly used any more for elec-tricity generation. Last year nnclear and hydro accounted for 75 per cent and 21 per cent of EDFs 342bn kwb electricity production. Electricity now accounts for 37 per cent of domestic energy consumption and around half the needs of industry and honsebolds. French has reduced its dependence ou energy imports to around 50 per cent from more than 75 per cent at the time of

the first energy crisis. While other countries have cut back their unclear projects, the French have pushed ahead unperturbed. The Socialists envisaged a construction freeze in 1981, but thought better of it once they were in power. Fur-ther nuclear plants seemed necessary if France was to achieve the high growth they

As it turned out that growth as never achieved and EDF might have been better off with a freeze. For it is now reckoned that between seven and 10 plants were ordered which will not be needed and

ity surplus of around 15,000 kwh a year throughout most of the 1990s.

So instead of developing nuclear to meet electricity needs, EDF is having to create electricity demand to use up this spare capacity. It is doing so hy wooing industrial and household customers with advantageous rates in off-peak periods, by exporting electricity and hy special deals with leading industries.

Meanwhile, the whole repro-

cessing strategy has been called into question by delays in the development of the commercial fast reactor. This technology remains much more expensive than conventional nuclear, no shortage of ura-nium is expected for decades and after Three Mile Island and Chernobyl governments hesitate to pusb ahead with this more advanced form of

nuclear power.
With virtually no fast read tor capacity to feed, EDF is having to burn plutonium in its conventional reactors. No further domestic conventional orders are expected for at least two years, virtually no tenders are available abroad and there is no immediate prospect of another fast reactor being

The situation is becoming critical. The company worst affected is Framatome. This year will be a little exceptional in that sales will nearly double to FFr 19bn because of an FFr 8.4bn payment received for Superphenix and the delivery of three plants. But then the company will only have seven reactors to complete (two for

export) in a four-year period.
Framatome has responded by diversifying into uon-uuclear sectors like military equipment, by teaming up with Siemens' nuclear subsidiary KWU when bidding for export orders and by making the most

of maintenance possibilities. French industry is trying to hold out until the first significant replacement orders come through in the late 1990s. However, only if nuclear construction programmes are resumed worldwide will French indus-try be able to reap the benefits of 20 years of investment. But that can depend as much on whether there is another Chernobyl as on the price of oil.

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NATIONAL POWER

Stung by Chernobyl's political fall-out

IN AOMORI Prefecture in northern Japan bulldozers have begun to level land for the most ambitious and controversial nuclear industry centre on which the country has embarked. At Rokkasbo, large facilities are planned to enrich nranium for nuclear fuel, to reprocess spent fuel, and to permanently entomb wastes.

Rokkasbo was once earmarked for oil industry development but this was aban-doned in the 1970s, leaving only the national oil stockpile in a farm of some 400 tanks. It was re-assigned for the nuclear role in 1984. For the government, Rok-

kasho is a vital step in secur-ing future energy supplies for a nation almost bereft of natural fuel. Although Japan is getting about 34 per cent of its electricity from nuclear fuel - and expects this to grow to 45 per cent hy the turn of the century it is wholly dependent oo other natioos for vital nuclear fuel services. Enrichment is being hought from the US (80 per cent) and France; reprocessing from Britain (50 per

cent) and France. For Aomori Prefecture, the centre spells new prosperity for an impoverished rural community. Rokkasho village itself is a tumbledown ribbon development, the most conspicuous feature of which seems to be the used car dump.

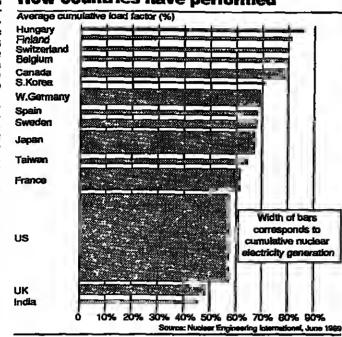
For opponents of nuclear

power, the centre is a project that must be prevented because its facilities will help immeasurably to perpetuate nuclear power in Japan. It will provide plutonium fuel for the last reactors foreseen by government as a commercial energy system early in the 21st

For the past year opponents have heen organising protest

QUALITY ASSURANCE

How countries have performed



meetings and marches, culminating in a day of protest in Aomori City, the prefecture's capital, about 100 km from Rokkasho, to greet receipt hy the government this spring of the safety case for the reprocessing plant. Proponents expect the government to take two years studing their case before they can expect the green light, in 1991. A decade of steady progress

in building up nuclear capacity and public confidence in it appears to have lulled Japanese proponents of nuclear power into a belief that they were largely unopposed. The privately-owned electricity companies, which are not restricted to building reactors

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nor of Aomori Prefecture about 1.25m people - is a fer-vent supporter who ages nuclear power hringing greater prosperity to a region hest-known for providing half of Japan's apple harvest. THREE DECADES OF

imported protest.

Nuclear industry investment is only part of the plans for bringing modern industry to the region. But Mr Kitamura says he has satisfied himself that it is safe.

within the area they sarve.

simply avoided the more sensi-tive south with its memories of nuclear events at Hiroshima

and Nagasaki. No fall-out from

the Chernobyl explosion three years ago reached Japan to

rekindla those fears.

But last year Japan began to experiance what proponents are calling a "delayed Chernobyl reaction" — a sudden upsurge in opposition, nationwide, but particularly focused on the Rokkasho project. One nuclear industry executive claims confidently that it "arrived by sea" — that it is an imported protest.

Mr Masaya Kitamura, gover-

rekindla those fears.

People in the vicinity of Rokkasho are also convinced, he says. Under a national plan for electricity development, not exclusive to nuclear projects, a total of 15 nearby towns and villages will benefit directly from a fund set up by the elec-tricity companies.

Over eight years these com-munities - embracing some 300,000 people - will receive a bounty totalling Y37hn (\$26.28). In addition, the two nuclear fuel companies involved at Rekkasho have set up a Y10hn trust, investment income from which will be used to improve

Mr Kitamura says his biggest problem in confronting opponents is their inflexibility. Nevertheless, be admits their arguments are finding sympa-thy among his constituents. Farmers have recently united in opposition to the government in general and to nuclear power in particular. They are telling housewives the food Japan imports from Europe is contaminated with radioactive fall-out from Chernobyl. People are also swayed by such argu-



ments as the risk to Japan from Chernobyl-like accidents offshore and downwind, in reactors owned by neighbouring nations the Japanese have traditionally considered inferior, such as Sonth Korea, Taiwan and the Philippines. Early this year an accident

in a Japanese reactor added substance to speculation. No radiation was released but the accident had features that are still causing public disquiet.

At the turn of the year, within hours of a scheduled shutdown, Fukushima II-3, a 1,100MW boiling water reactor of Tokyo Electric Power Company (Tepco), shed a 2.4 kg hunk of steel. It dropped into the impelier of one of its coolant pumps and was ground to dust. The stress this imposed snapped a hig bolt which choked a coolant nozzle.

The operators detected aberrant behaviour but were reluctant to "scram" - shut down prematurely - or even to report it to higher authority. It took a month for the accident to hecome public knowledge,

Japan is wholly dependent on other nations for vital nuclear fuel services

for reasons Tepco found hard to explain.

"Financially, it is hig damage," says Mr Ryo Ikegame, managing director of Tepco's nuclear power administration. As part of efforts to try to reassure people about reactor safety. Tepco has undertaken to strip the reactor and clean up any traces of mangled pump. "It's not the only one, but it's the higgest problem we have now," he says ruefully.

Tepco is Japan's biggest nuclear operator with 11 reactors on-line and four being built. It is proud of its low rate of scrams, only one every two years. The US has 10 times this rate and it has been even higher, says Mr Ikegame. Such considerations may have influenced his operators in trying to

keep a faulty reactor running. The stricken reactor is also one of Japan's newest, and one of the fastest to be constructed. These factors are also exercising Tepco management at a time when it is plaoning to huild the world's first advanced boiling water reactor

(ABWR). The ABWR is a project on which Tepco has worked for a decade with the US's General Electric. It is expected to produce power about 20 per cent more cheaply than its best per-forming plant today. Tepco

forming plant today. Tepco applied for a construction permit last year. If the nuclear inspectors approve, it plans to start hullding in 1991.

According to Mr Katsua Tomono, Tepco's construction manager, these plants will be built in 48 months — at least five months fastar than the best Japan has done yet. For best Japan has done yet. For comparison, Britain's Central Electricity Generating Board is scheduling at least 72 months for construction of new reac-

Rokkasho's plants are also scheduled for fast construction. First is the enrichment facility planned by Japan Nuclear Fuel industries Company, a federa-tion of electricity, finance and manufacturing groups. For Mr Hisashi Kaneda, director responsible for enrichment, the severity of safety criteria is a feature of all Japanese nuclear planning. Because of its associ-ations with nuclear weapons the Hiroshima atomic bomb used enriched uranium - the nuclear inspectors spent 15 months studying his safety

He won approval last antumn to build a facility of 1,500 tonne annual capacity at the rate of 150 tonnes a year. His first centrifuges are due for delivery this year.

Another federation of elec-

tricity, manufacturing and finance groups called the Japan Nuclear Fuel Service Company is responsible for the reprocessing project. Its safety case for a facility to treat 800 tonnes of spent fuel annually was submitted on March 30.

Unlike the enrichment plant a public inquiry will probably be required before he gets approval, says Mr. Masatoshi Toyota, the president of the ederation. But unlike British public inquiries, he expects it to last only a day or two.

Currently, France and Britain have lucrative con-tracts for reprocessing all Japanese fuel. But a desire for domestic energy security has encouraged the electricity companies to fund facilities for part of their future needs.

That does not mean Japan will necessarily be renewing contracts with Cogema and British Nuclear Fuels, bowever. More stringent safety requirements for reprocessing and the management of radioactive wastes have forced up European reprocessing prices sharply in the 1980s, and the Japanese had signed cost-plus contracts

The European companies hint that they will be able to cut prices dramatically - perhaps by between 40 and 50 per cent - for the second decade of operations, when the plant investment will largely be amortised. But the Japanese utilities point to the cost of transporting spent fuel to Europe and hringing back highly radioactive waste – also scheduled for safe-keeping at Rokkasho - as well as the

separated plutonium. Mr Toyota says he personally helieves Japan may get better value by storing its spent fuel for a few decades. "We have nothing to lose by storing and after 80 years the cost of reprocessing may he

On the other hand, any pub-lic acknowledgement that the Japanese electricity companies are cooling in their enthusiasm for reprocessing will give fresh ammunition for opponents of Rokkasho. To win and sustain public acceptance of his reprocessing project, Mr Toyota believes Japan must continue to reprocess perhaps half its spent fuel, either at home or

David Fishlock

UNITED STATES

A slow turnaround

A DECADE after the Three Mile Island meltdown, the US nuclear power industry believes the tides of economics and public opinion are begin-ning to turn in its favour

Few people in the industry predict it can land soon its first new plant order since 1978. But manufacturers, operators and government are working vigoronsly on regulatory overhaul which could help trigger an order within the naxt five

Design work on the next generation of reactors continues and the manufacturing base has remained largely intact despite the dearth of new construction. General Electric and Westinghouse, for example, have carved out husinesses servicing existing plants and find-ing ways to extend their lives. The 1979 disaster at the

Three Mile Island plant in Pennsylvania wrought havoc with the industry. A public backlash and massive regula-tory changes dramatically worsened the economic and political picture, forcing utilities to cancel orders for more than 100 plants.

All 112 nuclear power plants operating today in the US (representing 27 per cent of tha total worldwide) were ordered before 1974. They now provide now almost 20 per cent of US electric power compared with 11 per cent then. A total of 11 plants are still under construction with the last due for completion by 1991. Technically speaking, two more remain on order for Commonwealth Edison but the Chicago utility has still not applied for a construction licence.

The industry argues, however, that pressure is building for utilities to accelerate construction of new generating capacity. Economic and environmental factors will dictate a resumption of nuclear power plant building, it believes.
Utilities like to keep their

total generating capacity at least 17 per cent above average demand to ensure reliable service during unusual weather, breakdowns and shutdowns for maintenance. From a recent peak of 30 per cent spare capacity in 1982, the power industry has fallen to about 19 per cent today and will drop below its comfort level as early as next year, according to the US Council on Energy Awareness, a nuclear power lobby group. The situation is worse in the

north-eastern states where the capacity margin is already down to the low teens. New England dropped to 2 per cent during peak times last year and reduced voltage is expected along the eastern seaboard

On current trends, utilities

will need to build up to 100 gigawatts of new capacity over the next decade, equal to some 200 new coal-fired plants or 100

nuclear, the council forecasts. Concerned by detariorating air quality and the greenhouse effect, more members of the public are changing their attitude to nuclear power. They are unenthuslastic hut realistic supporters. Some 80 per cent of those surveyed earlier this year said they believed nuclear energy was important to meet-ing US energy demand in the years ahead, according to a

poll taken for the council. Economics remain a hurdle for nuclear power but high costs relate largely to the very slow two-stage regulatory pro-cess, first for approval to build a plant and then to operate it. Thus interest costs can range from a half to two-thirds of the total project cost when it takes

The Three Mile Island disaster wrought havoc with the Industry

more than 10 or 12 years to build and licence a plant. The process is so slow for two main reasons. First, manufacturers and owners have been turning out custom made plants, designing only one small part at a time to accommodate regulatory changes. Second, the two-stage process has allowed opponents to plants to long delay the grant-ing of operating licences.

The two most highly publi-cised examples were Shoreham, on Long Island east of New York City, and Seabrook on the New Hampsbire coas north of Boston. Both plants were held np for years because local authorities refused to cooperate in drawing up emergency evacuation plans. Former President Ronald

Reagan broke the impasse by giving federal authorities the power to draw up the plans. The two plants subsequently won low-power testing licences, although Shoreham is almost certain to be abandoned under an agreement between its owner and Naw York State. In April, the Nuclear Regula-tory Commission, the main Washington watchdog. unveiled plans to fundamen-taily overhaul the regulatory process into a one-step proce-dure. The plans are before Con-gress where a long fight of

uncertain outcome is expected.
The NRC's idea is to drastically reduce the time and uncertainty by giving all necessary approvals before plant construction begins. The industry for its part has agreed to complete plans for virtually

standard designs so regulators have a basis for granting

approval.
The licensing system, which was devised in the early 1950s, has proven unworkship in the 1980s and unsuitable for the 1990s," the industry said in a hriefing paper to Congress this spring. It was the biggest stumbling block to new plant construction, it added

Greater reliability is also helping to improve the case for nuclear power plants. The number of unplanted automatic shutdowns fell from an average of 7.4 per plant in 1980 output was only 58 per cent of its design capacity in 1960 but rose to 65 per cent in 1988.

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And other

Some plants have remained so unreliable, though, that their customers have despaired. In Sacramento, the California state capital, voterswere so frustrated that in a referendum in June they voted in favour of ordering the municipal-owned nuclear power to close down perma-nently, which it did 24 hours

Anti-nuclear lobbyists have also been pointing out that key components of many nuclear plants are wearing out far quicker than expected. Complex and costly replacement of significant radioactive parts, have dogged some plants. At Indian Point 3 near New York City, for instance, steam generators which were supposed to have lasted the 40-year life of the plant have been replaced.

Manufacturers and operators say they are constantly learning how to extend the lives of w components and plants. They :. are benefiting from cumulative operating experience, a high degree of information sharing instigated after Three Mila Island and new developments in technology.

None the less, the nuclear

power industry is confronting a disturbing fact as the average age of its plants rises. The operating and maintenance costs of nuclear power plants now exceeds those of coal powered plants, according to the Utility Data Institute.

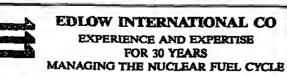
Nuclear power advocates had always argued it was only the capital cost of plants which were high, a disadvantage offset hy operating costs lower than those for other fuels.

Although, the economic and political environment is looking more promising for nuclear power, the industry must still overcome such considerable hurdles. Utilities, deeply shaken by their experience with nuclear power in the 1980s, are still a long way from ordering their next nuclear

Roderick Oram



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WORLD NUCLEAR INDUSTRIES 5

Rather than send spent fuel

rods to Wackersdorf, the utili-

ties will he continuing their

practice since 1976 of despatching burnt uranium to the

French re-processing complex

at La Hague, on the Normandy coast. The French nuclear fuels

concern, Cogema, is offering a

price for re-processing from the

end-1990s onwards which is

about one-third the prospective

It is only a matter of time before the roughly DM8bn fast-breeder reactor at Kalkar,

on the Lower Rhine, is also

formally abandoned. The

almost-completed plant looks likely to become one of the

world's most expensive techno

logical ruins as a result of a

row over safety with the North Rhine Westphalia government.

The experimental high-tem-perature reactor at Hamm-Uen-

and controversy over safety.

price of Wackersdorf

THE West German nuclear industry is looking back at a year of dashed illusions. After completion of nuclear power stations ordered over the past decade, the nuclear sector is now preparing for a period of

inevitable slimming.

The last two of the three "convoy" pressurised water reactors - at Emsland and Neckarwestheim - went on stream during 1988, taking Bonn's tally of completed com-mercial-sized nuclear plants to 22. Atomic power accounted for nearly 40 per cent of electricity generation in 1988, against 37 per cent in 1987.

Installed nuclear capacity is now around 24,000MW. But it is unlikely to grow further until the 21st century and may well shrink over the next decade if the mnvement towards a nuclear Ausstieg (exit) gathers fresh pace. The scaling down of West

Germany's nuclear ambitions is reflected in the once-feasible target of 45,000MW of nuclear capacity to be installed by 1985. The goal was set by the Social Democrat government in 1974

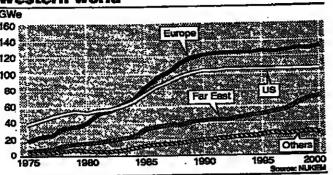
- but swiftly moved beyond the bounds of reality. The SPD now pledges a 10-year phasing out of nuclear power if it returns to government. The ruling cantre-right coalition has also become considerably nuclear-minded following the Chernobyl disaster in 1986.

Although all countries have been forced to tone down nuclear plans, the reversal in West Germany has been partic-

WEST GERMANY

Dashed dreams

Development of nuclear power in the **Western world**



The most spectacular exam-ple of Germany's bid to catch up its lag in nuclear technology with the US, Britain and France was the plan to build a commercial-size re-processing plant at Wackersdorf in east-

The project was contested for years by the anti-atomic lobby and was the scene of countless demonstrations. In view of rapidly rising costs and the fading value of the product to be extracted from the plant plutonium - Wackersdorf has looked a white elephant for

several years.

The Bonn government this year finally admitted the venture no longer made economic

or political sense. Wackersdorf, which has cost DM10bm to com-plete, was formally abandoned in June after DM2.6bn had already been spent.

The Bavarian state govern ment, which under its late prime minister, Mr Franz Josef Stranss, firmly supported the project, seemed in the end almost pleased to watch its demise. Siemens, the electrical giant which owns the country's prime power station builder, Kraftwsrk Union (KWU), plans to use the site for a plant to produce solar energy cells. Bavaria, meanwhile, is holding out for compensation from the electric utilities backing the re-processing project.

ARGENTINA

Peron's troubled legacy

LIKE SO much of the state structure of contemporary Argentina, its nuclear industry is a legacy of one man, General Juan Peron. Equally, like so much else he left behind, it is going through hard times.

In principle Argentina has the potential to develop into a leading nuclear power. It mines its own uranium in Mendoza province, has large areas of under-developed land where testing and research can be safely carried out, and both natural and technical resources in plenty. But its nuclear story to date is one of relative failure, due to a combi-nation of over-ambitious aims and a lack of strategic financial planning to support those

As Presidant, Peron established the Argentine Atomic Energy Commission (CNEA) in 1950; its first nuclear power reactor, Atucha I, (built hy Kraftwerk Union, KWU, of West Germany) came on-stream in 1974. The CNEA

remains today under the direct control of the President. Under President Raul Alfon-sin, Argentina refused to sign the Nuclear Non-Proliferation Treaty (NPT) while nevertheless respecting the International Atomic Energy Organisation's regulations concerning the non-proliferation of nuclear

weapons.

Argentina's commercial interests in developing its nuclear industry take three forms: as a provider of domestic energy; as a possible site for storage of nuclear waste from other countries; and as an exporter of nuclear-related technology to third parties such as Peru and Algeria or to Iran and Turkey (the latter two nations already having signed weapons nations already having signed nuclear co-operation treaties

with Argentina).

In March 1987, Enace, a 75 per cent state-owned company with a 25 per cent stake held by KWU, unveiled the first all-Argentine design for a nuclear Argentine design for a nuclear power station. Called the Argos PHWR 380, it is aimed at both domestic and foreign markets, with a 380MW capacity.

The second second second

But domestically Argentina's own nuclear power stations have run into constant trouble. Failnre to meet construction deadlines, increasing costs and frequent closures of stations due to running problems mean that the programme's aim of producing 15 per cent of the national energy need is gener-

ally astray. Argentina has two nuclear power stations operating. Atucha I near Buenos Aires has a 350MW capacity. The second reactor (a Canadian Candu design 600MW) began operating in 1983, at Embalse, in the province of Cordoba, having exceeded its projected cost of \$250m by four times.

In principle Argentina has the potential to develop into a leading nuclear power. But its story to date is one of relative failure

Both have frequently been out of service in recent years; in April 1988 Atucha I suffered an accident in which 16 tonnes of beavy water escaped into the reactor. The authorities denied radioactive material had escaped into the atmosphere. But safety standards continue to give cause for con-cern both at Atucha I and

A third reactor, Atucha II. under construction at Zarate in the province of Buenes Aires (by the River Plate), is due to come into service in 1993, six years behind schedule. With a years behind schedule. With a 740MW capacity, Atucha II is another KWU-assisted project, though work on it is currently stalled for lack of finance. An estimated \$1bn is required to complete the plant, some of which may eventually come from West German-financed loans. Its total cost will then be loans, its total cost will then be

in the region of \$5bn.

Plans to build a heavy water production plant at Arroyito, again in Cordoba province, have also run adrift due to fin-

produce 200-250 tounes of heavy water annually, the plant is being built by Sulzer Brothers of Switzerland. Construction started in 1981 and was due for completion in

Argentina has also had plans since 1977 to develop itself as a site for dumping of nnclear waste, at Gastre, in the Patagonian province of Chubut, one of the country's most sparsely-populated areas, While this has yet to be officially approved, there are suspicions that the intention may be given extra impetus now that a Peronist president is once again in office. In 1984 the Peronist party formally proposed that such plans he given the

While it is believed that Argentina has the long-term capacity to produce nuclear agreed that it is some years away from being in a position to develop such weapons. There are suspicions that under a Peronist government dreams of Argentina having its own nuclear capability might once more resurface — even though the new head of the CNEA is long standing techni-cian, Mr Mannel Mondino.

cian, Mr Mannel Mondino.

The Argentine havy has long yearned for nuclear submarine capacity; the lack of nuclear-powered submarines proved costly to Argentina during its conflict with Britain in 1982 over the Falkland Islands in the Searth Atlantic the South Atlantic.

A uranium re-processing plant at Ezeiza, some 100 km north of Buenos Aires, is currently under construction. It rently under construction. It will take spent fuel from Argentina's reactors and separate not only uranium but plutonium, a potential explosive for nuclear weapons.

Before he was elected President Mr Menem stated firmly that his future arms policy would be simple: the manufac-ture, sale and purchase of whatever arms Argentina needs to defend its interests.

Gary Mead

COGEMA

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John Barham on Brazil's disappointing nuclear programme

No light at the tunnel's end

BRAZIL'S nnclear energy programme has generated little heat and barely a glimmer of light. The country has only one temperamental Westinghouse reactor to show for the \$6bn-\$8bn invested in nuclear energy and, as a means of complementing vast hydroelectric resources, the nuclear industry has been a humiliating and

costly failure. Crippling financial difficul-ties have forced the govern-ment to virtually abandon its 1975 nuclear agreement with West Germany which envis-aged the construction of eight aged the construction of eight nuclear power plants at the beach resort of Angra dos Reis, 90 miles south of Rio de Janeiro, and at an equally beautiful inlet 100 miles south irop will also be closed down over the next few years because of financial problems

São Paulo to develop a subma-

rine reactor.

A clause in Brazil's constitu-

tion forswearing the military use of atomic energy has not

blunted criticism, mainly because Brasilia still refuses to

sign the Nuclear Non-Prolifera

Brazil claims it needs

nuclear power to avert an

energy crisis expected tn

within the next two

tion Treaty.

The small re-processing plant at Karlsruhe, which has sepa-rated more than one tome of of São Paulo. At the same time, the shad plutonium since 1971, is also coming to the end of its life. owy military-controlled 'paral-lel' nuclear programme has made progress in dominating the nuclear cycle. The contin-Faced with the lack of fol-low-up orders, the industry is ued existence of this parallel inevitably retrenching. KWU is inevitably retrenching. RWU is now fully under the wing of the Siemens group. It intends co-operation with Framatome, of France, and is also pooling forces in the high-temperature reactor area with Asea Brown Boveri – where hopes are still programme under the civilian government of President Jose Sarney has led to a widespread belief that the military foster the illusion of possess own nuclear weapons. Denials have not allayed doubts. The air force insists on building a rocket system, ostensibly to ering of orders from the Soviet Union. place civilian satellites in orbit France, meanwhile, is hopand the navy has built a nuclear propulsion centre near

ing to exploit the Ausstieg mood by exporting its cheap, surplus, nuclear-generated electricity under the Rhine to the Federal Republic. Paris is making plain that it expects West Germany to open up to electricity imports as part of future energy co-operation.

Even though the German nuclear industry has learnt to live with disillusion, the Bonn government has by no means seen the end of nuclear contro-

David Marsh

versity of São Paulo and a respected nuclear physicist, says electricity generated hy nuclear power costs \$3,000 per kilowatt installed, compared with \$1,200 for the gigantic Itaipu dam. He adds that the much feared energy crisis can be defused by improving effi-ciency in distribution systems and encouraging energy conservation.

Brazil's first commercial nuclear plant, a turnkey Westinghouse reactor, bas been dubbed the glow-worm: by one account the 626MW Angra I station has been closed down 25 times since it came on

attract private investors.

sibility for running the nuclear stations to Eletrabras, the state electricity company. The government spun-off Nucle Bras's industrial and mining activities to a new company, Industrias Nucleares Brasileiras (INB), which it hoped would

The World Bank promptly suspended disbursement of a \$1bn loan to the electricity sector because it was afraid the money would be used to shore up the nuclear programme. The Bank's position forced private lenders and the Japanese government to suspend \$800m of co-financing loans as well

Crippling financial difficulties have forced the Government to virtually abandon its 1975 nuclear agreement with West Germany

stream in 1983, six years late, and was built six times over budget at \$1.8bm. In despera-tion, the government filed sult in a New York court in 1987 to recover some of the costs from its manufacturers. Since then, the Angra dos Reis site has been found to be subject to mild earth tremors, registering below foor on the Richter

Work drags on at a slower and slower pace at the two German units to survive doz-ens of rounds of budget cots. In mid-June, Nuclen, the government-owned civil engineering company overseeing work at the Angra building site, announced it was breaking up construction tenders into smaller chunks. It will award cootracts for each construction phase as money from the gov-

ernment becomes available. Last August, the government decided to dismantle Nucle emerge within the next two decades. But Professor Jose Goldberg, rector of the Uni Bras, the state nuclear power company. It transferred respooThe frozen \$5m balance bas become a source of irritation in Brazil's tense relationship with

its foreign creditors. Under the terms of the West German nuclear secord, a consortium of companies led by Kraftwerk Union (KWU) were due to have the first plant. Angra Il, with a capacity of 1.245MW, operational in 1983. However, it looks unlikely to come on stream before 1994. The cost so far is reportedly \$2.3bn with a further \$1.2bn to complete.

Even though work on the 1,245MW Angra III unit has hardly begun. 85 per cent of its German-built equipment is ready. There are fears that the long delays and poor storage cooditions have damaged the equipment. Budgeted at \$1.55bn, Angra III, if ever completed, could cost \$2.6bn.

Parallel to the 'official' nuclear programme, the military have been running one of their own. The military (plus

civilian scientists) realising their US and German accords prevented them from dominating the nuclear cycle, decided to go it alone like the Argentines.

According to Mr Rex Nazare Alves, head of Brazil's National Nuclear Energy Commission (CNEN), the 'parallel' programme began in March 1979.
Under the aegis of the navy,
the programme was created to enrich uranium using independently designed gas centrifuge technology. In September 1987, an overjoyed President Sarney snnounced that Brazil had mastered the cycle, enabling it to enrich uranium outside international controls. The navy hopes that these advances will enable Brazil by 2000 to produce a nuclear powered submarine.

On other military uses of this technology, Admiral Maximian da Fonseca a former navy minister, said in 1987: "I would applaud the day Brazil explodes an atomic bomb." However, President Sarney and President Raoul Alfonsin of Argentina have promised each other not to develop nuclear arms. Both have paid visits to each other's military research bases and exchanged symbolic

nuclear co-operation accords. Brazil's nuclear capability will become fully credible if it can develop a delivery vehicle. However, the air force's 'satel-lite launch vehicle' (VLS) project, which could be adapted as a nuclear tipped ballistic mis-sile, faces budgetary limits. A prototype of the VLS rocket was to be ready this year, but has been postponed, probably until 1992. Overall the programme suffers from trying to satisfy too many interest groups - the navy wants submarines, the businessmen want contracts and the scientists want research projects.



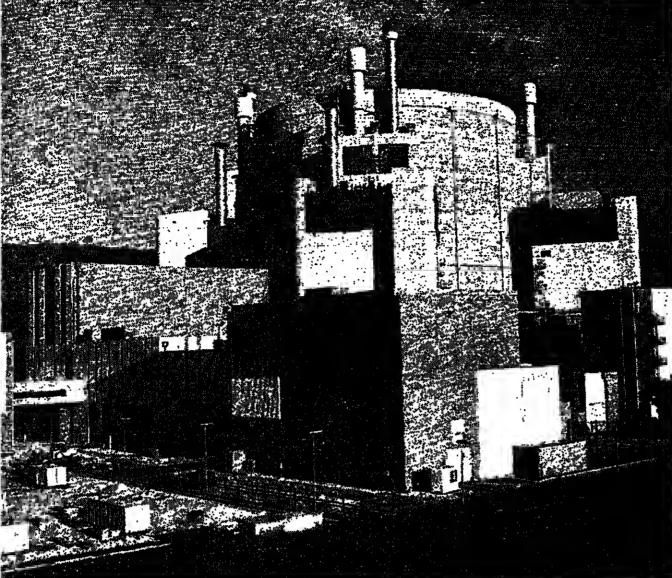
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SuperPhenix nuclear power station: no country has rsued the nuclear option with such determination as France. Yet just when it has virtually completed its equipment prome, it finds itself tacing tresh problems. Oil prices have slumped and confidence in nuclear has been shaken by Chernobyl. France now faces a big electricity surplus



SWEDEN

Increased pressure for an early phase-out

THE Swedish Government is being pulled in opposite directions over the nuclear power issue, which theoretically was settled in 1980 when a national referendum approved the aboli-tion of atomic plants by 2010. Responding to growing envi-

ronmental sentiment in the run-up to last September's elections, the Social Democratic government announced it would accelerate the nuclear phase-out by closing dawn two of the country's 12 reactors in

Political pressure for an early sbutdown has not eased. The parties that made the biggest gains at last year's polls the Greens, the Communists and the agrarian Centre – are strongly anti-nuclear and the minority Socialist Government is dependent on their parlia-

mentary support. But the government is also facing criticism from industry and the trade unions, which fear that Sweden can not afford to abandon nuclear since it geoerates about half of the country's electricity and provides a cheap source of eoergy for the country's main

Their doubts have been strengthened by estimates from state energy officials that it will cost as much as Skr 100bn to dismantle and replace the nuclear stations, doubling electricity prices in the process and possibly leading to the loss of 60,000 jobs. The government disputes these figures.

There are few alternatives to nuclear power. Sweden has reached the limit in exploiting hydroelectric power, which provides the other half of the country's electricity generation, since the few remaining undammed rivers are protected for their scenic beauty. Oil and coal-fired plants are a doubtful replacement since their emissions would exceed Sweden's stiff air pollution levels. Vattenfall, the state power

board, believes the best solu-including the construction of enough energy in a non-nntion would be gas-fired plants, pipelines from Norway and the clear Sweden. combined with stringent energy conservation efforts and a marginal contribution from solar and wind power. But Vattenfall warns that the gas-fired plants would be twice as expensive to operate as

The board highlighted the problem earlier this year when it estimated that it would cost Skr 13hn to replace tha first two nuclear reactors in the mid-1990s. This would drive up

electricity prices by 40 per cent within the next decade, it said. In addition, the gas-fired plants pose a potential environmental problem with their leakage of

methane gas. Questions have also been raised as to whether there is enough time or money to introduce natural gas on such a massive scale in Sweden,

tricity to encourage energy conservation and fund alterna-But while these industries must worry about rising energy costs harming their

among others, fines for the dis-charge of pollutants, and

ed taxes on oil and elec-

overseas competitiveness, they also fear that there will be not

The parties that made the biggest gains at last year's polls - the Greens, the Communists and the agrarian Centre - are strongly anti-nuclear and the minority Socialist Government is dependent on their support

Soviet Union, before the

dismantled. Climbing electricity prices would hit hardest such energyintensive industries as pulp and paper, iron mining, chemi-cals and steel works which are among Sweden's leading exporters. These industries are already facing higher costs as a result of the government's environmental clean-np pro-gramme which has introduced, Based on present trends

electricity demand is expected to rise from 130 terawatt (million million) hours this year to 193 TWh in 2010, the end of the nuclear phase-out period; Sweden's current electricity production capacity is around 150 TWh. The closedown of two reactors at Ringhals and Barse-hack in the mid-1990s would deprive Sweden of 10 TWh generating capacity, thus eliminat-ing its reserves.

Vattenfall argues that the only feasible solution to a potential electricity shortage is to reduce consumption rather than adding capacity. It expects that a 50 per cent hike in electricity prices would limit annual demand to 139.5 TWh hy 2010. The adoption of efficient energy-consuming technologies that are currently available would reduce demand to 149.7 TWh. while demand to 110.9 TWh, while the introduction of energy-sav-ing technologies now in the

planning or development stage would keep demand within a range of between 88 TWh and 96 TWh a year by 2010.

Uncertainty over energy availability may accelerate the relocation of Swedish plants abroad. This is already occur-ing as Swedish companies build up production facilities within the European Commu-nity ahead of the elimination of internal trade barriers in

The Swedish forestry concern Svenska Cellulosa AB (SCA), the country's fourth biggest electricity consumer, recently explained that it was constructing a new paper fac-tory in southern France because of the nearby presence of a nuclear plant

The prospect of factories abolition of nuclear energy is worrying the trade unions.

"It's all right to go out and say that we shall not have nuclear power or more hydropower or increased carbon dioxide emissions, but we should also talk about the political consequences this has on employment and other things," said Mr Stig Malm, chairman of the blne-collar trade union confederation LO in a veiled attack on the gov-ernment's growing anti-nu-

The critical remarks by Mr Malm and other trade union leaders is posing a dilemma for the Social Democrats and widening the gulf within the party over the nuclear issue. It was the Social Democrats who promoted the construction of nuclear plants in the 1960s and 1970s and some sections of the party criticise the govern-

ment's reversal under Birgitta Dahl, Environment and Energy Minister, as being politically short-sighted.

Most of the jobs that would be lost with a nuclear shut-down are located in Norrland, the Social Democrats' bigges electoral stronghold. Moreover public opinion is swinging back in favour of nuclear power only three years after Chernobyl. One recent opinion poll found that 57 per cent would favour the continuation of nuclear power after 2010.

This reflects worries among homeowners that the abolition of nuclear power will dramatic ally increase their electricity bills. The public has also been reassured by the findings of a post-Chernobyl nuclear study commission which concluded tors, three-fourths of which were built by ASEA-ATOM, had high safety standards.

The government's decision to shut the first two reactors in the mid-1990s may ironically doom plans for a full-scale phase-out. T believe that the early shutdown can promote a positive attitude towards nuclear power, says SCA board chairman Mr Bo Rydin. "When all the negative consequences are shown, people will change their opinions."

Liberal party leader Mr Bengt Westerberg believes that questions about the environmental safety of alternatives to nuclear power will make its abolition impossible. With the nuclear debate heating np again, it is possible that the Social Democrats will respond in their time-honoured manne and force a compromise that will leave some nuclear plants operating beyond the deadline date of 2010.

CANADA

Spoilt on a rich diet of 'yellowcake'

CANALIA is one of a nanuni of countries which can boast a fully integrated nuclear indus-try, from rich uranium mines at one extreme to electricity generating stations and further advanced applications at the

other.

The country is comfortably the world's largest source of U308 or "yellowcake" — the semi-processed form in which most uranium is sold to consumers. It has also developed from scratch its own pressur-ised heavy water reactor, the

But neither scale nor technological prowess have spared Canada the problems which have plagued so much of the nuclear industry over the current decade. Depressed uranium prices and very low demand for new nuclear power reactors have pummelled the sector every bit as hard as its counterparts elsewhere.

Earlier this year, Cameco -the Saskatoon-based company which is the world's largest single uranium producer -laid off 170 staff and temporarily closed a mine in response to low yellowcake prices. The group, whose output last year amounted to some 15m lbs of U308 equivalent to 16 per cent of the global total, is also reck-omed to be among the world's investment producers

ined to be among the world's lowest-cost producers.

Meanwhile, the government-owned Atomic Energy of Canada Ltd (AECL) is still awaiting its first Candu reactor sale overseas since 1981. The company is also having to cope with reduced levels of government funding in the five years. ment funding. In the five years since 1983-84, parliamentary appropriations have fallen by virtually half. AECL has responded by drawing up plans for a smaller reactor — the Candu 3 — and by using its formidable research base to diversify into areas like engine

The company holds high hopes for the Candn 3, which is cheaper and should take considerably less tima to build than its predecessor, the Candu 6. But its optimism bas yet to translate into orders. Preliminary negotiations have been held with possible buyers in New Bromswick, Saskatche wan and South Kores. AECL believes that the size of the Candu 8 is well-matched to the needs of a range of ntilities

sensors and robotics

around the world.

With the industry so long in surprising that an extensive restructuring is currently under way.

Cameco was formed only last October through the merger of federal government-owned Eldorado Nuclear and the provincially held Saskatchewan Mining Development Corpora-tion (SMDC). The deal created an integrated uranium company of considerable stature in world terms.

The merger means that ore mined from the rich northern Saskatchewan mines can be passed through in-house refining and conversion facilities in Ontario. About 20 per cent of the material thus treated is converted into uranium dioxide for use in Candu reactors. The remainder is converted into uranium bexafluoride and exported for enrichment.

The company says it would like to see as much as possible of its mine output processed in its own downstream facilities. Under the terms of the merger, 60 per cent of Cameco is to be

Privatisation is also in vogue at AECL, where two former divisions have been spun off and re-christened in Prepara-tion for their sale to private

Nordion International, for Nordion International, For-merly Radiochemical, produces radioactive isotopes, such as cobalt-60, used in cancer treat-ment and food irradiation. Canada provides 80 per cent of world cobalt-80 supplies. Theratronics International, previ-ously Medical Products, makes machinery and equipment used in radioactive medical treat-ments. Nordion, whose annual sales total about C\$90m, is expected to be sold to a Canadian engineering company. Theratronics, with sales of about C440m, may be bought

Having expressed its com-nitment to a continuing Canadian nuclear programme the government is trying to inculcate more co-operation between AECL and Ontario Hydro, the main operator of Candn plants, the better to

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Canada has not been spared the problems which have plagued. the nuclear industry

exploit scarce sales opportuni-ties at home and abroad. Ontario Hydro operates 16 of the 20 Candn reactors cur-

rently up and running, the remaining four being situated in Quebec, New Brunswick, Argentina and South Korea Four more units at Darlington near Toronto, are due on-stream at regular yearly inter-vals between 1989 and 1992. In 1987, nuclear-electric generation supplied 47.5 per cent of Ontario's electricity needs. The corresponding figure for the whole of Canada was about 15

Unlike light water reactors, which function by using enriched fuel to raise the probability of fissile capture of neutrons, the Candu system employs natural uranium fuel and uses materials in the resctor core which minimise neutron absorption.
The Candu is heavy water

moderated and cooled - a factor which adds substantially to

The Candu has consistently maintained a superior operating record compared with other reactor types, a fact which has been an immense source of pride to the domestic industry. This is largely because of the reactor's capacity for on-power refuelling.
This is made possible by the housing of Candn fuel bundles in a large number of replace-able individual pressure tubes.

The adoption of the relatively complex pressure tube design has not come without its problems, however. Hopes that the pressure tube system would last for the projected 30year life of the plant have been dashed by the closure for retubing of two of Ontario Hydro's Pickering reactors which commenced commercial operations in 1971. Ontario Hydro has estimated the direct replacement and recommissioning cost at C\$402m. Both units have now been restarted.

David Owen

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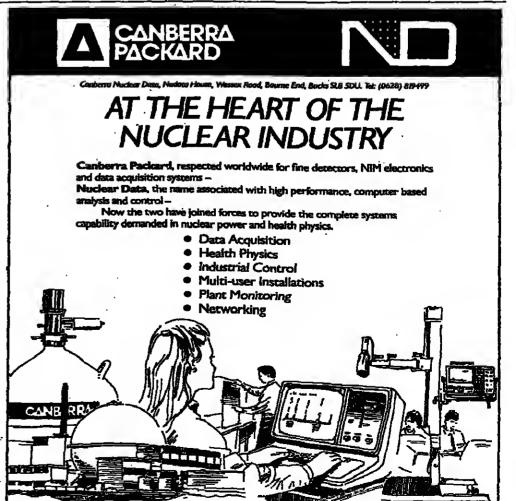
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THE supply of fuel for power

stations is one of the most assured sectors of the nuclear

industry today. The nuclear

power plants that are now sup-

ess is about \$25bn.

expected to be very much larger in the 1970s when there

appeared to be an obvious need

for rapid expansion of nuclear power. As a result, very large

investments were made in ura-

nium exploration and capital intensive facilities for process-

ing and fabrication of material

into the high-tech fuel assem-

blies that are loaded into

nuclear reactors. The actual

market today has turned out to

be only half the size of 1975

that a very small amount of it

produces a large amount of electricity. Another feature is

that it requires several stages

of special processing and final fabrication into precisely engi-

SPENT nuclear fuel - often

wrongly called nuclear waste.

for it still contains almost as

much energy as new fuel -

can be managed in one of two ways. It can be chemically dis-

solved and its energy rich ele-

ments recycled as fresh fuel; or

it can be stored with a view to

eventually sealing it in a repos-

The jury is still out on the costs of each route, although

recycling has the ohvious

merit - freely acknowledged for every other kind of fuel -

of conserving and maximising

use of a scarce natural resource. But whereas during

the next few years the costs of

reprocessing will harden, as

new facilities enter service, it

posing of unreprocessed spent

will probably be many years yet before the full cost of dis-

itory as radioactive waste.

These features have made

neered fuel asse

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A feature of nuclear fuel is

All this would be encourag-

WORLD NUCLEAR INDUSTRIES 7

NUCLEAR FUEL

Plentiful supplies

plying 16 per cent of the world's electricity will mostly require fuel for the next 30 to 40 years. Plants that are under construction and due to come ket in which, for example, ura-nium could be mined in Auson line during the next decade will ensure a modest growth of tralia, converted into uranium 20 per cent. The present annual hexafinoride gas in the UK, enriched in the Soviet Union. value of the world nuclear fuel fabricated into fuel assemblies in Sweden and 'burnt' in a ing were it not for the fact that reactor in Finland. the nuclear fuel market was

Each Stage in the chain involves a sizable increment of added value. There is therefore lively competition among the international suppliers and equally active shopping around by utility customers both for prices and diversity of supply fered most from the over sup-ply situation in the past with spot prices sinking as low as \$14 lb compared with a peak of \$43 lb in the mid-1970s But after many years of production exceeding the actual require-ments of operating nuclear reactors, production fell below requirements in 1986 and the operators are now starting to

By the mid-1990s suppliers will be bringing in planned additional capacity and by the turn of the century they should

The uranium market has suf-

draw down on stock miles.

There is currently more than 30 per cent over-capacity in uranium enrichment plants in the West. This is despite the closure of one of three large US gaseous diffusion plants in 1985 and cancellation of a similar sized centrifuge project which together have halved the capacity that the US would otherwise have today. The two remaining US plants are operating at around 50 per cent

The market today is only half the size of 1975 forecasts

capacity and supplying 42 per cent of the western market. In France, the Eurodif gas-eous diffusion plant is doing better with about 75 per cent of its capacity used and a 36 per cent market share. Unlike the large blocks of gaseous diffu-sion capacity, centrifuge emichment plants can be built up in modules to meet firm contractual requirements and

the British-Dutch-German company Urenco are being operated at near full capacity to meet about 9 per cent of the

market. The other main supplier of enrichment services to the West is the Soviet Union. The capacity available here is unknown but they have been supplying around 13 pe of the western market and, with pressure to earn foreign currency, they are seeking a bigger share of the market by offering lower prices.

Two new sources of enrichment services are now entering the picture: they are a centrifuge plant in Japan, which like Urenco will increase capacity in line with firm contracts; and China which has started to undertake enrichment con-tracts for western utilities at competitive prices. A newly announced joint venture between Urenco and a group of three US electric ntilities is planning a new centrifuge plant which, it is claimed, will be capable of supplying 15 per cent of the US market by 1996.

Later in the decade the new technology of laser enrichment could become available in the US and France and may be used for special purposes such as re-enrichment of recycled pranium.

It is not difficult to see that the over-supply situation in uranium enrichment will persist until 2000, Fabrication workshops for the production of fuel assemblies are a little easier to set op than nranium mining and enrichment ventures and have therefore adapted better to the size of the market. Even so, most countries with nuclear power programmes have sought to establish domestic fabrication facilities and it is possible to identify 34 plants around the world that are producing fuel assemblies or have et some

time produced them. The main survivors in fuel fabrication are those companies that have been involved in the design and construction of reactors. The utilities tend to keep these suppliers nn their toes by occasionally purchas-ing fuel reloads from the different manufacturers but on the whole the suppliers retain a base load of husiness which is directly related to the number of reactors that they, or their associates, have sold.

Simon Rippon

dent declaration, BNFL is negotiating for 4,000 tonnes of German spent fuel for repro-

For the German electricity industry, with some 34 per cent

of its electricity generated by nuclear power but facing rising costs for its own reprocessing tries now undertaking it as a profitable service.

WASTE MANAGEMENT

The search for a safe and sound burial site

EVER since a British cesses for final conditioning of research programmes have newspaper proclaimed in 1975 that Windscale was likely to become the "nuclear dustbin" of the world, each country has been expected to deal with the final management of its own radioactive waste.

While this may not always be the ideal solution, especially for smaller countries, it has got most countries to face up to the fact that they must make the necessary provisions. Many national organisations have been set up or nominated to take responsibility for the management of radioactive waste. Thus we have names such as Nirex in the UK, Andra in France, SKB in Sweden, DWK and PTB in Germany, Ondraf in Belgium, Nagra in Switzerland, Cora in the Netherlands, Enresa in Spain and Nocleco in Spain.

More important, waste management programmes are being adequately funded. In some cases, such as Sweden, Spain and the US, a direct levy is charged on units of nuclear electricity generation. Others such as the UK and Germany require the main producers of radioactive waste to own and fund the waste management

organisations.

A huge amount of good tech nology exists for conditioning radioactive waste. The main problem is to get agreement on final storage and disposal strat-egies so that the most appropriate conditioning technology can be adopted. This is particu larly the case for intermediate level waste where decisions on conditioning plants have been delayed by the need to know exactly what will be acceptable in a final repository.

For high-level fission prod-

uct wastes, a successful process for vitrification has been in operation at Marcoule in France since 1978 and commis sioning of similar plants will be starting shortly at the large reprocessing centres of Sellaf-ield in the UK and La Hague in France. A different vitrification process developed in Germany is also proving to be successfu in a demonstration plant in Belgium where it is solidifying high-level waste from the for mer Eurochemic reprocessing

Less well developed are pro-

spent fuel in those countries analysed the safety case for which are choosing nut to reprocess. The Swedes have, rock salt, granite and clay or however, satisfied themselve that final disposal of spent fuel will be possible and Germany is planning a small pilot facil ity to demonstrate the direct

isposal option. In the US work is mainly directed towards developing the techniques for the interim storage of rapidly accumulating spent fuel. Various rod con-solidation techniques have been developed for packing fuel assemblies into smaller nes and several designs of

There exists plenty of good technology for conditioning waste. The main problem is to get agreement on final storage and disposai strategies

epproved for use as an alterna-tive to storage under water et nuclear reactors.

For intermediate and low-level waste there are now many commercially available processes for volume reduction by compaction or incineration. Processes for incorporating these weste materials in cement or bitumen and overpacking for transport and storage, are also well developed.

Following e furore last year when traces of plutonium were found in some low level waste returned to Germany after conditioning in e plant in Belgium, there are demands for tighter checks on the contents waste containers. A variety of techniques - including systems as sophisticated as X-ray body scanners - are being proposed. But where is the waste finally going to

Here again there is no shortage of good technical options for isolating different kinds of waste from the environment for as long as it takes for the radioactivity to decay. Extensive national and international

on nr below the deep ocean bed. Without exception the analyses indicate e dismissively small risk of any danger to present or future generations hut with almost equal lack of exception the public is unconvinced

Solid low level waste is pres-

ently being accepted at three shallow land burial sites in the US, at one in the UK and one in France which also accepts short-lived, intermediate-level waste. Low and intermediatelevel waste was deposited at a depth of 500m to 800m in the former Asse salt mine in Germany between 1964 and 1978. An impressive nnw repository at a depth of 60m below the seabed of Swedeo's Baltic

coast started to receive low-level waste during the past year and will also be taking intermediate-level waste in the future

Apart from these cases of repository operation, many plans are at the stage of pro-spective site investigations with a few, such as the former Konrad iron ore mine in Germany, having got as far as licensing applications. Work is also just starting oo the construction of the first of two repositories in Finland for lnw and intermediate-level waste. For high-level waste it is geoer ally accepted that it should be allowed to cool for 50 to 100 years in surface vaults or storage ponds before disposal in a deep geologically stable reposl

Even so, several countries are searching for prospective locations for high-level waste repositories and Germany and the US have chosen sites for detailed investigation Exploratory shafts are already being sunk into a huge underground dome of salt at Gorlebenin, Germany and a repository could be built by 2000. After an amendment last year to its radioactive waste managem act, the US is to concentrate its investigations on one prospective site at Yucca mountain in Nevada and is now hoping to have a repository available by

Simon Rippon

Reprocessing of spent fuel

Jury still undecided

being recycled into the final stages of commissioning the bigger UP3 reprocessing plant, scheduled to come on-stream at La Hague next year. The West German electricity

supply industry, as one of Cogema's higgest customers for reprocessing, recently demonstrated its confidence in this technology through its negotiations for a new facility at La Hague which it will own jointly, to meet part of the German reprocessing requirements well beyond 2000 Since the early-1970s, France,

West Germany and the UK have been exchanging experifuel is known for sure. Undoubtedly, France has the greatest experience of any ences of the technology of reprocessing and associated radwaste management pracnation in recycling light water reactor fuel, having reprotices through a tripartite "club" known as United Repro-cessors GmbH. URG comprises cessed more than 2,500 tonnes of uranium at Cogema's factory at La Hague. Cogema's UP2 reprocessing plant has Cogema, DWK (the German doubled its throughput from 250 tonnes in 1963 to about 500 reprocessing company) and British Nuclear Fuels, Through tonnes per year. Cogema's URG, BNFL obtained the reprocessing experience is now French vitrification technology

for highly radioactive waste liquors from reprocessing, coming on-stream next year at Sellafield, Cumbria. BNFL is also building its

thermal oxide reprocessing plant (Thorp) at Sellafield, as a 600 tonne-per-year facility expected in operation in 1992. Its receipt and storage sections are already preparing spent fuel for reprocessing Construc-tion is "going very well," says Mr Neville Chamberlain, BNFL's chief executive. He says it has stayed on schedule and to cost for the past three years, since a new management reappraised the pro-

The base load of reprocessing at Thorp, now uprated to 6,000 tonnes over its first decade, is already committed to the electricity ntilities which are funding the 21.85hn construction with "up-front" cash payments. What happens beyond 2002, when the base load has been recycled, is now

min between 1 th the way pour in the

a matter of considerable commercial interest.
On the basis of current costs

for base load reprocessing, some analyses have concluded that final disposal of unrepro-cessed fuel could be 30 per cent cheaper. The big uncertainty is that no one yet knows for sure what a repository for unrepro-cessed spent fuel will cost. In Sweden, where they have frequently extolled the virtues

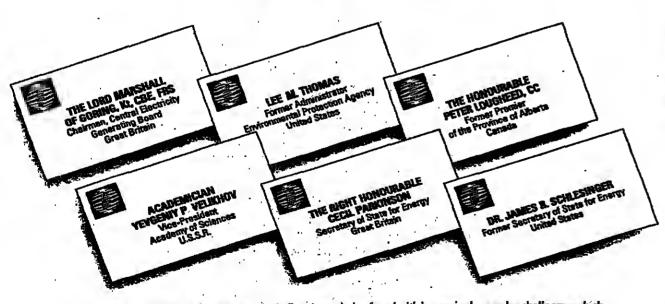
of storage over reprocessing, the Swedish Nuclear Fuel and Waste Management Company (SKB) plans to progress systematically through studies in its "hard rock laboratory" starting in 1993 - to a preliminary safety report on a reposi-tory design around 2000. BNFL says it has been

talking to potential customers in terms of prices of between 40-50 per cent lower than base load prices, for what it calls post-base load reprocessing capacity in Thorp, for the 10-15 years beyond 2002. German

electricity executives have scrutinised plans for Thorp and concluded that no expensive refurbishing should be necessary after the first decade to unset the projected costs. On the basis of this confi-

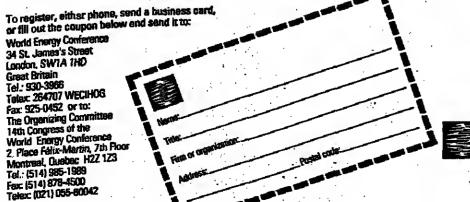
cessing after 2002, on terms that will also give it a share in the "downstream" business of making mixed-oxide (MOX) fuel containing plutonium as well as uranium from the unburnt fuel it recovers.

facility at Wackersdorf, the attractions of buying capacity from BNFL and Cogema out weigh the difficulty of undertaking reprocessing at home for the foreseeable future. But the Germans want to remain members of URG, the repro-cessing club. The day may come when reprocessing is politically acceptable in West Germany but not in the coun-



More than three thousand energy experts, including the Ministers of Energy from some thirty countries, will be meeting at the 14th Congress of the World Energy Conference to be held in Montreal in September. This international energy summit meeting will debate the future of world energy from the perspectives of society, the environment, the economy and technology As the 21st century approaches, energy leaders are

being faced with increasingly complex challenges which must be met, which is why the theme of the 14th Congress is "Energy for Tomorrow". Research experts, scientists, government leaders and decision-makers in the energy field will all be present at this historic Congress. 14th Congress of the World Energy Conference ber 17-22, 1989 Palais des congrès de Montrée



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Commercial exploitation remains a distant reality

WHEN Mr Cecil Parkinson, UK
Energy Secretary, announced a
year ago that there was to be a

When Mr Cecil Parkinson, UK
tors in the UK will not now be
required for 30 to 40 years."

Many in the nuclear indusarge cutback in government funding for the fast reactor research and development programme, he said government expectation was that "commer-cial development of fast reac-

Annual load tactor (%

How reactor types have performed

Pressurised water reactor (PWR)

Advanced gas-cooled reactor (AGR

Boiling water reactor (BWR)

try accuse Mr Parkinson of picking numbers from the air, but the problem remains that it is almost impossible to predict when electric utilities will want to start buying this type

the outset developed for commercial purposes. When other thermal reactors, which had been developed for submarine duction, were turned to peace-

of power plant on a commer-cial basis.

The fast reactor was from duction of much more efficient fast breeder reactors.

Discoveries of low-cost uranium in a fair abundance and nimm in a fair abundance and the high capital cost of the fast reactor relative to the rapidly evolving light water reactors, changed this early perception. The eventual role of the fast breeder reactor, which can get 60 times as much energy out

of uranium as thermal reac-

inherent safety features which would prevent a Chernobyl-type accident but it is still, rather unfairly, viewed as a

grown out of the post-Cherno-byl climate of opinion-which has caused a further slow

down in the expansion of

nuclear power.

system that is somehow more dangerous than other nuclear plants. Thus it suffers first A reversal of the nuclear

It is almost impossible to predict when electric utilities will want to start buying fast reactors on a commercial basis

tors, is still seen as very The timing of its introduction is, however, determined by the rate of expansion of nuclear power programmes and this factor has pushed the prospects of commercial exploitation to the turn of the century for Europe and further into the future for the US. The 30 to 40 year perspective has

policy of the Social Democrats in West Germany has led to an intractable position in Northrhine-Westphalia where the state government refuses to issue a license for start up of a completed prototype fast reac-tor. In Italy, following n referendum, the government has decreed that the country will not participate in future nuclear projects in other coun-

LAST May electricity industry executives from 31 countries

representing 139 electricity companies met in Moscow to

inaugurate the World Associa-

tion of Nnelear Operators (WANO).

sion at Chernobyl in 1986, which killed 31 operating and

firefighting staff, and spread

radioactive fallont widely

throughout western as well as

WANO is a truly interna-tional response to a situation

that the US faced following the

meltdown of a pressurised water reactor at Three Mile

Island in 1979. The US nuclear operators responded the same

of Nuclear Power Operations (INPO) in Atlanta, Georgia.

Its 54 member-companies

US utilities with nuclear plants

in operation or under construc-tion - pledged to promote excellence in safety and reli-

short of the best possible prac-

before they occur. The US

dents that had begun in the

Members of INPO them-selves identified the indicators

of plant performance which

ple, fell from an average of 7A

matic shutdown

r by creating the Institute

eastern Europe.

Its inspiration was the explo-

preclude participation in a European follow on to the SuperPhenix plant in which the Italians are one-third part-

Governments in Belgium and the Netherlands have likewise ordered no further participation in the European fast

Despite these political problems, agreements were signed this year to endorse n 1984 memorandum of understand-ing on European fast reactor collaboration between research and development organisations in France, West Germany and the UK and between the industrial groups involved in fast reactor design

European utilities are also jointly funding work to pro-duce a single design for n European Fast Reactor (EFR). This work, which will reconcile differences in detail between well developed conceptual designs, is due to be completed by 1993 at which time a decision will have to be taken on whether, where and when to build an actual power

technology for a large com-mercial fast reactor is fully developed and available. Valunble operating experience is being gained from the 1500 MWe SuperPhenix plant in France following the resolu-tion of n technical problem which had halted operation for more than a year. The European effort is now directed towards refining the EFR

design to reduce the capital

station.

What is clear is that all the for a plant entering service. around the turn of the contmy. Pollow on plants of the same design could eliminate There is a distinct possibili-

ity that aranium prices, cur rently very depressed, could start to come under upward 40-year life-time of a fast resetor, rising uranium prices could swing the economic bulance in its favour. The European nuclear indus

What is clear is that all the technology for a large commercial fast reactor is fully developed and available

At the same time the proto-type fast reactors in France and the UK have been demon-strating very high fuel burn up which means that fuel cycle costs for fast reactors could be brought below those of light water reactors.

Estimates for the first EFR are likely to show an electricity generating cost of about 20

try would certainly like to see a policy which would allow the construction of a first EFR in the latter half of the 1906s so that follow on plants could be taken up as a commercial option somewhat sooner than 30 to 40 years.

Simon Rippon

THERE is a growing belief among companies operating nuclear plants that their systems are more complex and demanding than they need to be. This belief has fuelled a search, in the US particularly, for new designs of reactor, a search in which the electricity companies, through the Elec-tric Power Research Institute (EPRI), their co-operative research and development agency, have collaborated closely with the reactor ven-

The search has two objectives. One is an advanced light water reactor (ALWR) of the same output as the standard commercial units today but simpler, more rugged, easier to operate, less expensive and quicker to build. The quest has stimulated international collaboration.

For example, Japan, West Germany, Italy and Sweden all participated in the development of an advanced version of General Electric's boiling water reactor. Tokyo Electric Power plans to build the first, starting in 1991, and taking only 48 months compared with the 60-month schedule of those it is currently constructing.

The second, longer-range aim is a smaller reactor, of a size companies believe will match the slower rate of increase in load growth expected; and with passive safety features. The diseconomies of scale will be offset, it is hoped, by a simpler system, more readily built on a production line. Passive cooling requires that the reactor core shall remain flooded with coolant for at least three days after a ioss-of-coolant accident even if its operators take no action at ADVANCED REACTORS

Ventures in hand to build simpler and cheaper plants

Westinghouse Electric, Avondale Shipyard, Bechtel and Burns and Roe are collaborating on the design of such a reactor, the AP600, with electri-cal capacity of 600MW. It has two systems of emergency cooling neither of which requires pumps or emergency electric power supplies. Radioactive decay heat from the core after

safety features is PIUS (process inherent ultimate safety), a Swedish design now being promoted by the ABB Atom, the ASEA-Brown Boveri joint venture. Claimed to be "insensitive to human errors and mis-chief", PIUS uses a core of BWR fuel in a large pressure vessel of pre-stressed concrete, capable of keeping to core cool

alone. ABB Atom is seeking US Government support for design

In Britain, Rolls-Royce and

Associates, the company which

has built more than 20 small

pressurised water reactors for

the Royal Navy, has been col-

laborating for the past year with the UK Atomic Energy

Authority in the design of the

safe integral reactor (SIR). This is a 320MW reactor concept

that packs the entire PWR pri-

mary circuit inside a single

very big pressure vessel.

and development.

The diseconomies of scale of smaller reactors will be offset, it is hoped, by a simpler system, more readily built on a production line

shutdown is removed by con- for a week by evaporation vection.

Passive safety features promise to simplify greatly the over-all plant design. According to EPRL the AP600 will need 60 per cent fewer valves, 60 per cent less pipework, and 80 per cent less control cable. The idea is to build AP600s in large modules for transport by rail or barge, and rapid assembly at Another reactor with passive

Paul Fabrications Ltd.

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with considerable nuclear engineering experience: Combus-tion Engineering and Stone and Webster. This spring the four partners submitted their ideas for SIR to the US Depart-

SIR uses a steel vessel of the same diameter as the Sizewell B presure vessel and therefore needs no new pressure vessel technology, says Dr Brian Eyre, the UK AEA's board member for programmes. Moreover, the vessel will vessel because of the shielding from its steam generators and bustion Engineering core design. The once-through steam generators are simple

The initial response from the US Department of Energy to the five-volume preliminary submission is that SIR meets the conditions for funding of the five-year design and devel-opment phase. The UK AEA has proposed that a full-sized built at its Winfrith establishment in Dorset, as a replacement for its 100MW prototype steam generating heavy water reactor, which it has run as a local power source for over 20

David Fishlock

nd readily replaced. SIR is intended to be built in about three years, half the time allowed for Sizewell B. Dr Eyre says that its advantages add up to a price per kilowatt times its size, for single series ordered units, and beat it if built in pairs with a com-mon turbo generator.

ment of Energy for development money - up to \$50m - under its scheme to encourage development of reactors with passive safety features. In order to qualify, supplicants — which include ABB Atom with PIUS - must show that they are willing to put up at least matching funds

receive only about 1/10,000 of the radiation of the Sizewell B also the low rating of the Com-

ability. INPO itself was author-ised to tell members – and the world – when operators fell from the Three Mile Island accident is that accidents do not "just happen" but have their roots in faulty operating ionstration of SIR should be practice. They can be spotted nuclear inspectors unearthed records of several similar incisame way, although no-one was alert to the implications at

Late last year the partners signed up two US collaborators



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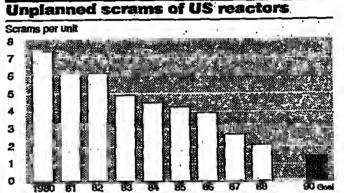
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born out of nuclear disaster

POST-CHERNOBYL

An international watchdog



per year when INPO began to 2.1 last year, as shown in the accompanying diagram. In 1988, 20 US reactors (out of the 87 which reported perfor-

distilled the lessons of all this data evaluation into 125 recommendations on human and equipment performance prob-lems in such areas as reactiv-

The evidence which emerged from the Three Mile Island disaster in 1979 is that accidents do not 'just happen' but have their roots in faulty " operating practice. They can be spotted before they occur

mance) had no scrams to Low frequency of scrams is

an indicator of good plant maintenance. Similarly, gross heat output - a measure of the heat wasted in leaks - is an indicator of how well tuned the nuclear system is. Other indicators - INPO has 10 altogether - include collective radiation exposure to opera-tors, the lost-time accident rate, and the volume of radioactive waste generated at the plant itself

one is the frequency of the unplanned "scram" or anto-As soon as INPO began to ask for regular data from its members on these performance achieved the goal it set for 1990

a reduction of 72 per cent in volume since 1980. This has a indicators, they began to improve. The frequency of unplanned scrams, for examdirect effect on operating costs. By the end of 1988, INPO had

could alert a watchdog to spot undesirable trends. An obvious INPO also sets goals for its members. It has recently reported that in the case of nuclear waste, the US industry as a whole has already

heat removal, valve troubles, etc. It also had strong evidence to show that, in the words of one INPO executive, the nuclear environment "is one of the safest environments in which to work."
Through WANO, nnclear

ity mismanagement, decay

operators are trying to extend the principles of INPO world-wide. The electricity compa-nies hope WANO will spot any trends, anywhere, among more than 400 power reactors, that could lead to another serious nuclear accident, and alert all

operators in plenty of time. As Lord Marshall, chairman of Britain's Central Electricity Generating Board and a founding spirit of WANO, says: "All are agreed that public confidence in nuclear power will not survive another accident as severe as Chernobyl.

WANO's 139 signatories have undertaken to file data promptly on both performance and all nuclear accidents.

Lord Marshall believes mem-

bership of WANO will apply considerable peer pressure to every utility to be open and accurate. No one can afford to stand accused to failing to meet the spirit of WANO, he

says.
The very fact that WANO was inaugurated in Moscow suggests that it has top-level government support in the USSR. At its inauguration Mr Nikolai Lukonin, Soviet minister for nuclear power, claimed that unplanned scrams in the Soviet Union were 27 per cent fewer in 1988 compared with the previous year.

WANO aims to maximise the safety and reliability of nuclear stations by fostering competi-tion in performance between operators who are not competing commercially. It will also encourage nuclear operators to visit one another, and exchange findings on operating practice in critical terms with other members.

Lord Marshall admits that it is his personal nightmare that WANO will say the CEGB's nuclear practice is not among the best in the world. Before WANO was formally born be launched an internal campaign at his nuclear stations to counter any complacency

about safety.

The 139 WANO members are funding a \$5m annual budget for the international exchange and analysis of performance, divided between regional cen-tres in the US, USSR, France and Japan, with a co-ordinat-ing centre in London. Mr Thomas Eckered, a Swedish nnclear engineer, formerly with INPO, is director of the co-ordinating office. WANO, he says, is developing filters to ensure that significant events are never drowned in a mass of

David Fishlock

urenco

Urenco enriches uranium for nulear power stations

Urenco operates enrichment plants in England at Capenhurst, in the Netherlands at Almelo and in the Federal Republic of Germany at Gronau. Further information: Urenco Ltd. 18 Oxford

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COMPANIES & MARKETS



INSIDE

French mutual fund managers under fire



The Commission des Operations de Bourse the French stock market regulatory authority chaired by Mr Jean Fargé (left), has deliv-ered a stinging rebuke to the managers of Sicavs, or mutual funds. In its annual report, pubcommission notes a large number of irregularities in the management of the funds it checked, writes George Graham. Page 24

The stakes are high

US independent oil company Union Texas Petroleum is racing to add gas reserves and petrochemicals capacity in an attempt to gain a lead on the opposition in the next decade. But this will not be easy; Union Texas is not the only concern to bet its future on gas becoming the "clean" fuel in the coming years, and several big companies are building sthylene crackers. James Buchan reports. Page 20

Set fair for new horizons



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Michael Meyer changed his mind a few years back out went the idea of calling his UK light fittings and electrical accessories group Merchant Adventurer and in came the much simpler name of Emess. The nautical theme lives on, however, in the stylised sextant which Emess boasts as its logo, and on July 13 the British group will sall into the list of companies quoted on the Frankfurt stock market. Clay Harris looks at "the good reasons" behind this initia-

Fathoming problems of the deep The sinking of a Soviet Mike class nuclearpowered submarine in April and the fire on another Soviet nuclear submarine last week pose unusual dilemmas which the world's navies would probably prefer to ignore, Rachel Johnson examines these problems, Page 29

Leaders take a fall



Leading stock markets took a fall; last week, with poor performances by the US, Japan. France and West Germany dragging the FT-Actuaries World index lower, Economic and -

however, with Denmark. South Africa and Hong Kong all showing gains.

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Companies in this section

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FINANCIAL TIMES

Tuesday July 4 1989

Cutting a dash in the beauty parlour

Christopher Parkes on Unilever's hopes of building a presence in the cosmetics business

with a 278m (\$121m) touch of Rimmel blusher last month, topped off with a £198m dab of high-class Calvin Klein perfume at the weekend, Unilever is cutting quite a dash in the world's beauty stakes.

If appearances count for anything, the Anglo-Dutch soap, food and chemicals group, should prove an attractive figure at the furthcoming auction of Beecham

forthcoming auction of Beecham Group's cosmetics business. Its vast bulk should also help ensure

it e place in the front row. However, according to Mr Mike Perry, the main board director responsible for Unilever's perresponsible for Unilever's per-sonal products worldwide, "everyone and his uncle" is quen-ing up at Beecham, which is expected shortly to sell off non-core interests on completion of its merger with SmithKine, the US drugs group. It follows that no one should take any bets on the outcome.

in the meantime, Unilever has been placing relatively modest side-bets on its own ability to match and outpace L'Oreal of France, Avon and Revion of the US and Japan's Kao and Shis-

Sunday's deal to buy Calvin Klein's Obsession and Eternity perfume brands represents a taotical acquisition to build on the upmarket fragrances business that came Unilever's way with its 1986 purchase of Chesebrough-Pond's, Mr. Perry said.

In the same way, last month's

In the same way, last month's takeover of Europe's Rinnel and Chicogo colour cosmetics businesses from Schering-Plough complemented Chesebrough's

The group prides itself on its patience and long-term strategies. Chipping away at the \$20hn world beauty care market with such relatively small buys may offer some satisfaction, but as the

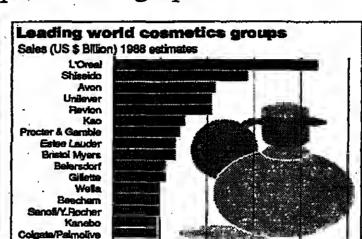


Michael Angus: clear views on

recently-collapsed £917m agreement to buy Faberge and Elizabeth Arden showed, Unilever is still in the market for the big deal. At least while Michael Angus remains chairman of the UK half of the group, there is a good deal of top-level support for expansion. Having once sat in Perry's position, he has clear and strong views on Unilever's role in the global beauty parlour.

The framework for absorbing a beauty products company of any size is now in place, with a sub-structure devoted to the development of high-class fragrances; a sector worth about \$5hn a year, with some \$1.6hn of that accounted for by the US.

Parfums International, the US business, last year turned over about \$100m, thanks largely to Elizabeth Taylor's Passion, the more traditional White Shoulders perfume favoured, Mr Perry says, by First Lady Barbara Bush and soon to be joined by the steemly promoted Obsession. More than



\$158m sales last year were made in the US. Unilever also has creative and marketing centres for perfume in Paris and Milan.

Soutoe: L'Onni O

The market is so fragmented that anyone operating in the area needs a substantial portfolio of brands to gain an audience with the retailers' buyers, Mr Perry

Growing affluence and the reported desire among consumers for "something different" has evoked concerns in the industry that women can no longer be counted on to stick with a particular brand for a lifetime. The distribution network is

also in flux: legal and commercial pressures have increasingly forced manufacturers to supply all-comers with their products. The select department store and perfamery now commonly find themselves competing for business with the likes of the

local drugstore.
One effect has been considerable pressure on prices. In the US, for example, despite record promotion budgets and considerable innovation, retail sales of fragrances at constant 1986 prices are expected this year to be only \$3.1bn compared with \$2.8bn in

Mr Perry is undamnted. "The suggestion that fragrances is not Unilever territory is fundamentally mistaken," he said. "We are talking about hranding, the communication of concepts and properties in the emotional area. Whether we talk about Timester. Whether we talk about Timotei shampoo or Calvin Klein, the principles are the same."

Many of the ghosts associated with the perfume trade had been laid. "The people in this business are just like us [at Unilever]," he stressed. The days were gone when a limp wrist was an essential accontrement. "Strange fig-ures moving around at the edges of the fashion world" no longer had a role to play.

Strong personalities established in the mainstream, on the other hand, were a different matter. Unilever had hitched its

wagon to a star with the launch of Elizabeth Taylor's Passion

Calvin Klein may be a person-ality of comparable status, but there have been examples in the past where designers have licensed the use of their name on such a wide range of products that its cachet all but evaporated. According to Mr Perry, if Klein were to do that it would run counter to everything he had done to date.

Potential problems with "bor-rowed talent" were self-evident, he said. The key to success was the extent to which "brilliant management and direction can turn an upstart like Yves Saint Laurent or Calvin Klein into a

Calvin Klein was not yet a classic, but he had all the characteristics necessary to make the

sense to steer the fragrance business bearing his name in the direction of the Anglo-Dutch group. At a multiple of less than 20 times earnings, there are those
- notably the arbitrageurs who
have been hanging around since the business was put up for sale last March — who believe a much richer bargain might have

But Unilever believes that its pleasing appearance had a part to play. The group is renowned for making great efforts to keep on the managements of successful

the managements of successful companies that fall into its net.

"The price may have been conditioned partly by the fear of the other wild beasts out there," Mr Perry suggested. The Japanese had a special capacity for scaring the living daylights out of senior exceptions.

There's nothing like making them feel they are wanted to have them beating a path to your door."

Boots in hostile bid for retail chain

By Philip Coggen in London BOOTS, the British chemist's group, yesterday launched an £800m (£1.24m) cash bid for fel-low retailer Ward White. The Ward White board rebuffed the offer as "Inadequate."

offer as "inatequate."
The prospect of a long hid battie was underlined when Ward
White's shares soared 117p to
442p on the London Stock
Exchange, well above Boots'
400p per share offer.
The bid follows months of

The hid follows months of speculation about the future of Ward White, owner of the Halfords bicycles and car parts group, which has recently reported disappointing earnings growth. Fully diluted earnings per share rose just 3.6 per cent last year and analysts expect only a tiny rise this year.

The company was built up by Mr Philip Birch, the chairman, through a series of acquisitions in 1984-6. However, several of

in 1984-6. However, several of the acquired businesses have since been sold. Last year, the company made pre-tax profits of £78.8m on turnover of £734.6m.

Boots is interested in Payless. another Ward White business, and Halfords, because of their involvement in DIY and car parts, two large and fast-growing markets. Payless is the third largest DIV retailer, although it only has 3.9 per cent of the UK market, eccording to Verdict Research, a retail consultancy. In contrast, Boots has large shares of its current markets, in personal care and cosmetics, and expects slower rates of growth in those sectors.

The offer is being funded with a 1950m fixed-rate facility from Chase Investment Bank, West-deutsche Landesbank Girozentrale and Kleinwort Benson. Although Boots said that the offer should not dilute its earnings this year, analysts were sceptical about the merits of the deal and the shares fell 21p to 269p. The increased debt also caused Standard & Pour's, the US credit-rating agency, to place Boots' US commercial paper on h - indi the debt-rating is being kept

under review.

Boots has been buying Ward White shares since the beginning of June and yesterday it picked up another 3m ordinary shares (2.5 per cent) in a dawn raid, carrying its total stake to 10.66 per cent. It also owns 3.1 per cent. It also owns 3.1 per cent. cent of the convertible preference shares. However, Mr Birch said yester-

day that the offer "reflects neither the value nor potential of our key retail operations." Lex. Page 18; Background, Page

Goldberg steps in with plan to take over IEL

continues with the two top per cent by huying a further executives of industrial Equity 96,7m IEL shares from HIL and (IEL) in a supplies move 66 halt from IEL shares from Goodman the investment group's A\$1.6m IEL shares from Goodman Fielder.

(US\$1.4bn) merger with the Goodman Fielder Wattle food combine and with control of the combine of the combi and win control of it as an inde-

pendent company.

Mr Goldberg, together with Mr
Rod Price and Mr Bill Loewenthal — respectively chief executive and acting chairman of IEL

- yesterday announced they had already spent A\$350m buying 150m IEL shares from Brierley Investments (BIL), the New Zea-land master company in Sir Ron Brierley's business supire.

A\$2.40 a share — well above cur-rent market levels, but identical with the price paid by Goodman Fielder when it bought its 20 per cent IKL stake from BIL last

Goodman Fielder's investment in IEL was the first step in a complicated merger in which it would spend Atl.Ibn in cash and issue 312m shares to gain full control of IEL. Yesterday's link up with Mr Bill planned to accept for its Goldberg sprang from a separate

Goodman Fielder would meanwide sell of ISL assets it did not want. The proposal quickly ran into objections from key Good-

man Fielder shareholders, namely Mr John Elliott's Elders IXI, the AMP Society, and Ranks Hovis McDougall (KHM). It soon became clear that Goodman Fielder's 90 per cent accep-tance condition for its IEL hid would not be met. At the same time smaller IEL shareholders objected to its loss of indepen-

MR ABE GOLDBERG, the The trio have also contracted full 52 per cent and then pay builte last mouth in which he that expressed confidence yester-distribution textile insignate; has to lift this 19 per cent stake to 52 Goodman Fielder A\$1.1bn for successfully outlid IEL for conday they could secure this. The triol of Brick & Pipe Industries, a group had A\$1.5bn in cash and large brick and tile maker in Victoria. Mr Goldberg, long a suc-cessful textile manufacturer, was flush with cash from a profitable investment in Tootal of the UK, while IEL remained interested in

Brick & Pipe.
The trio's specially-formed company, called Corama, is 75 per cent owned by Mr Goldberg and 25 per cent owned by Mr Price and Mr Loewenthal. Because their plans do not involve a full takeover offer, they are still subject to the important approval of IKL shareholders.
But Mr Price and Mr Loewen-

undrawn facilities, and an eye on several targets, they said. There was no plan to sell its Southern Farmers business to Goodman Fielder, and the Woolworth retailing operation would stay with IEL. If the deal goes through, it will

sever BIL's connection with IEL

altogether and extricate Good-man Fielder from a potentially awkward cituation.

But if it fails, IEL will have a complex mix of shareholders — Goodman Fielder, Corama and Bill. — which could spell a fur-ther round of negotiations.

"A man must serve his time to every trade"

Вугов (1788--1824)

"What trade, though knave? Though naughty knave what trade?"

"By necessity, by proclivity - and by delight, we all quote." Ralph Waldo Emerson (1803-- 1882)



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Gold Fields scheme rejected

SHAREHOLDERS in Consolidated Gold Fields, the Consolidated Gold Fields, the diversified UK mining group which is currently facing a 23.1hm (34.65hn) bid from Hanson, have rejected an unusual dividend scheme devised by the company in its defence against a previous hid from Minorco.

The so called "target earnings and special preference dividend scheme" formed a significant plank of Gold Fields' financial defence against the bid from Minorco, the South African-controlled investment commany. This trolled investment company. This bid failed when it was blocked by

bid failed when it was blocked by
the US courts.
Under the scheme, Gold Fields
was to set a cumulative earnings
per share target, before sales of
operations, of 400p for the three
years to 1990 to 1992, implying
over 30 per cent.
Should the target not be met, a
special preference dividend of 25

paid to all shareholders. This would cost a total of 21.3hn.

The scheme was put to shareholders at an extraordinary general meeting on Friday but, after Cold Fields camp, which had already been suggesting that if Minorco holders at an extraordinary gen-eral meeting on Friday but, after Gold Fields' chairman Mr Rudolph Agnew called for a poll,

the result was delayed until yes-The result showed a 7:1 vote against the scheme, with 74.8m votes cast against and only 10.4m in favour However, the figures are heavily influenced by the impact of Minorco's stake which
as the company revealed on
Friday — was voted against the

Minorco holds 63.9m shares amoreo home saym shares now irrevocably pledged to accept the Hanson offer for Gold Fields. The remaining shares were split fairly evenly on the motion — 10.8m for, and a slightly larger 10.8m being cast against. The overall turnout,

been suggesting that if Minorco voted against the motion, it had little confidence in it being car-ried. At Friday's meeting, Mr Agnew told shareholders that although the board was fully supportive of the scheme - in par-ticular, the earnings target - it had decided that it was fairer not to seek to influence investors, and offered no recommendation.

Directors did not vote.

The scheme had received a hkewarm reception from analysts who, although giving it full marks for imagination, had suggested that it added little to the value of Gold Fields ahares.

Meanwhile, discussions between Gold Fields and Hanson

Magnet buy-out deal goes ahead

MR TOM Duxbury, chairman of Magnet, threw off the shackles of at 85.5 per cent but the separate the stock market yesterday when he and his advisers were able to declare his £625m (\$975m) bid for Trust, adviser to Mr Duxbury, "We are very disappointed that the his £625m (\$975m) bid for the deal at the condemnation of the deal at the end of May nearly scuppered it, yesterday he was equally unenthalastic. "We are very disappointed that the kitchen furniture group unconditional, more than five months after the buy-out was

first proposed.

The deal — the biggest buy-out bid for a quoted British company — went through despite vociferous opposition from institutional appearance. Some of them forced a investors. Some of them forced a change to the terms of the offer for convertible shares whilst oth-ers objected to the deel as a mat-

ter of principle.
City opinion was divided on whether the success of the bid might pave the way for a spate of such deals, or whether Magnet's difficulties with institutions might dater other management

Institutional opposition was

said that it was now possible to take the company private by means of a vote at an extraordinary general meeting. Such a manoguve only required a 75 per cent majority from both classes of shareholder.

Mr Albert King, Magnet's finance director, said that the offer had been through so many hurdles, and experienced so many difficulties, that he felt "relief rather than exultation" at the final outcome. Mr Duxbury himself said that he and his team were looking forward entimalisti-cally to a new life as part of a

This sentiment was not shared by Mr Geoffrey Browne, manag-ing director of Sun Alliance's asset management arm. His pub-

private company.

this deal went through." Mr Browne said. "I fear that this will be something of a watershed and we will now be faced with a spate of such deals."

The Magnet offer was different from previous buy-out bids for quoted companies — such as Mr Richard Branson's £248m offer for Virgin — both in terms of size, and because the manage-

centage of the equity (under two per cent in this case). Institutions such as Sun Alliance said that there were conflicts between the interests of management and other shareholders, and that institutions were being denied the opportunity to invest in well-managed

ment owned such a small per-

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INTERNATIONAL COMPANIES AND FINANCE

Arnault is Union Texas gambles on gas step nearer James Buchan on the diversification plans of a US oil independent to control

r Clark Johnson, chairman of Union Texas Petroleum, is a businessman in a hurry. A burly Pennsylvanian who has been with the second largest US independent since 1968, he is racing to add gas reserves and petrochemicals capacity to

will spend \$90m on drilling for gas this year in the Gulf of Mexico alone.

BERNARD Arnault. chairman of LVMH, won a battie yesterday in his war with Mr Henry Recumier, head of LVMH's Louis Vuitton subsidlary, for control of the French drinks and luxury goods

of LVMH

By George Graham

The French commercial court threw out the demand made by a number of LVMH's small shareholders, backed by Mr Racamier, for the annu-ment of shares held by Mr Arnault amounting to around a quarter of his 45 per cent stake in the company's capital. Their suit had contested an issue of bonds with warrants by Moët Remessy, the chamwhich merged with luggage maker Louis Vultion to form LVMH. Most of this issue, which had been criticised by the Commission des Operations de Bourse (COB),

ds of Mr Arnaul Mr Philippe Grandjean, resident of the Paris commercial court, said the warrants issue might have taken advanholders, but refused to apply any changes made in the law since the deal was struck. He said he was happy if the case had prompted the COB to tighten up its rules. Yesterday's verdict, which

ends the freeze applied in May to the contested shares, is expected to be appealed.

Mr Arnault plans to use LVMH's 98 per cent control of Louis Vuitton to change the company's staintes at a share-holders' meeting which has been delayed by the court pro-ceedings until September 15. He intends to oust Mr Raca-

This announcement appears as a matter of record only.

by Kohlberg Kravis Roberts, the Wall Street investment

raise \$240m in equity by selling 20 per cent of the company to the public in a share offering in 1987. But the company remains heavily indebted: it must shell out \$100er a year to service its debt and preferred stock, which is the equivalent Though Union Terms is as deep in debt as smybody else in its home town of Houston, it

> Texas - the largest US inde-pendent after Oryx, the former Sun Exploration and Produc-tion — has been as successful as any US oil company

Mexico alone.

And it has offered contractors at its ethylene plant in Louisiana a whopping profit-sharing deal if they can bring in a 39 per cent expansion of the plant by the last day of the

it does not matter to Mr. Johnson that the price of gas is down 40 per cent from its peak in 1983 and markets for cityiene, the key component in hundreds of chemicals and after a very strong 1988. In wait for the price to go your way," says Mr Johnson. "You have to be ahead of the game."

This will not be easy. Now that the mainland US has been worked over for its oil reserves, the independent companies and such majors as Amerada Hess are betting their future on gas as the "clean fuel of the future for US indus companies such as Phillips Petroleum, Dow Chemical and ing new ethylene cracks

In its race to get ahead,
Union Texas has a bad handicap. For years a subsidiary of Allied-Signal, the New Jersey conglomerate, Union Texas was loaded up with \$1.5m in ther \$275m of business junk bonds and preferred stock.

GESTETNER, the UK office equipment group, yesterday announced a complex A\$145.2m (US\$109.7m) offer to

buy Hanimex, an Australian photographic and imaging equipment distributor, from Chase Corporation, a New Zea-

land property and investment

This came as the New Zeeland Government stepped in at the beleaguered Chase, freez-ing its NZ\$1.3bn (US\$746m)

portfolio of local property

Statutory managers are being appointed for its prop-erty business and an outside financial adviser to its main

The move stops just short of

The group's shares have

plunged as a result of its fail-ure to meet a June 30 deadline

for the sale of key assets and the persistently grim outlook in the New Zealand property

The offer for Hanimer at

A\$2 per share, is below recent

market levels, and substan-

receiver to Chase itself.

The result was that earnings from the UK were actually firm, in a partial leveraged buy-out in 1985. Union Texas managed to higher last year, at \$105m, than the \$75m ackieved in 1987.

Wall Street has begun to notice Union Texas. The com-pany's stock, which was priced at \$14 at the 1987 offering, tunbled to under \$6 in the 1987 crash but has clawed its way back up to \$14%

Robberg Kravia, which owns 40 per cent of the company, has seen the value of its investment rise comfortably in Union Texas' North Sea four years. "We've paid our bills and meserved our reserve base and started building equity value," Mr Johnson

But Union Texas faces some

UNION TEXAS PRITROLEUM

in the US and the rest in the UK North Sea, Pakistan and base last year to 50tm barnels

more than \$5.2 barrel.

Lest July's catastrophic platform explosion in the Piper. field, where Union Texas has a have destroyed the company but for Mr Johnson's pradence. The company had \$137.9m of damage insurance and a fur-ther \$27.9m of business inter-

But Chase said yesterday that, because of its own liquidity position, it would recommend

acceptance in the absence of a

AFP, the UK-registered Australian investment company

which has major stakes in both

Gesteiner and Chase, is partici-pating in the initial offer, although its stake will then be sold, at cost, to Gesteiner.

As a result of involving AFP, Gesteiner has avoided the necessity of seeking sharehold-ers, approval prior to making

Mr Greg Melgaard, deputy chairman of Gesteiner, said

that the deal would not dilute earnings. Hanimex would fit with the

existing business as it would provide a complementary dis-tribution channel through

which Gestetner could sell low-price office

equipment. Hantmex's other attractions

included strong market posi-tions, a global network and brand recognition for its

Hanimer and Vivitar lines,

Gestetner plans to finance the acquisition through a mix-ture of borrowings and the con-

hefty challenges down the read Beginning in 1992, the company must find some \$500m over four years to redeem the junk bonds issued to finance the leveraged buy-

In 1993 and 1994, it will probably have to redeem some. \$275m in preferred stock. Allied also has the right then to buy \$300m in stock at a fraction of its market value, which will dilute shareholders carnsure to build Union Texas large enough to absorb these costs.
Until the Piper field is redevaloped, Union Texas, will depend on its Indonesian and US gas operations and its eth-

its current size through merg-ing with service or distribution

businesses serving a similar

cent-owned subsidiary thro

down at 11 cents on the New

Zealand stock market before

the announcements. Earlier

this year they had traded above NZ\$1.

Vitamin retailer deal

ment firm, AP-DJ reports, tase deal involves a cash tender offer at \$11.50 a share for up

to 28,668,016 shares.

fire protection group.

ylens business for growth. In Indonesia, where Union Texas has an interest alongside Ultramar of the UK in the highly productive East Kali-mantan concession, the comgas from Japan and its fast-growing neighbours.

The ethylene plant, which is at Geismar, near Baton Rouge in Louisiana, chipped in record profits of \$33m last year with average sales prices doubling to 28.5 cents a In. Se far the price her weekerted a year, the price has weekented a few cants in response to falling demand for plastics from the sluggish motor industry and the prospect of the new capac-

tainly heat the pack with its 300m in expension at Geismar and says it will still make good money if the price falls to the mid-20s in cents.

The key to success lies in the Gulf of Mexico. Last year, Union Texas sharply increased exploration and had a banner year, with 10 out of 17 explor atory wells turning up gas. Production this year will probably be twice the 89m cu ft of 1988 and triple the 1987

figure.

But the industry is still plagued by a surplus of deliverable supply, the legacy of heavy exploration in the early 1960s when energy prices were

wildcatters to company men such as Mr Johnson, are bet-ting that growing anxiety about pollution will switch many industrial and utility users over to gas and cause the price to rise. But it is a gamble.
"There's just one thing that bothers me," says Mr Johnson with a chuckle. "We can't all be right."

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market levels, and substan-tially below the A\$3.75 to A\$6.25 range mooted by Salo-mon Brothers earlier this year when Chase put it up for sale. Leumi shareholders enlist Drexel aid to retain bank

By Hugh Carnegy in Jerusalen

THE controlling shareholders of Israel's Bank Leumi have enlisted the help of Drexel Burnham Lambert, the US finance house, in the battle to keep their hold on the bank after the Government disposes of its majority stakes in the

country's banks.
The Israeli Government is committed to selling its holdings, acquired after a collapse in bank share prices in 1968, in an attempt to recoup as much as it can of the \$70m it laid out in the recoup as constituted and the in the rescue operation and to end the resulting legacy of preference shares which left control in the hands of minority equity holders.

Bank Leumi, with total assets at the end of last year of Shi 48bn (\$26.6bn at last year's exchange rate), is the first to

However, the Jewish Colonial Trust, OHH, which controls it with only 2 per cent of the equity, is fighting to stay

in charge.

It has belatedly joined the country's other three big banks

- Bank Hapoalim, Israel Discount Bank and Bank Mizrahi in agreeing in principle to the government's insistence on introducing a one-share-onevote system, thus removing the need for legislation.

But in a clear attempt to presunt any open tender for Bank Leumi, OHH has agreed with Drexel Burnham Lambert to co-operate in putting together a group of investors willing to purchase between 50 per cent and 90 per cent of the bank's stock on a one-share-one-vote basis.

Under the agreement, which will run until August 39, Drazel would be part of any investing group, and all the investors would be committed

to maintaining the bank's Zionist identity, which pre-dates the founding of the state

Bank Leumi officials said they were confident this move would be favourably received within the Finance Ministry and the Bank of Israel.

Officials at M.I. Holdings, the special holding company given the task by the government of dispersing of the state head.

disposing of the state's bank shares, reacted coolly.

They said any investment proposal put together by OHH would be subject to competi-

They envisage splitting off Bank Leum's profitable subsidiary, Bank Igud, and selling the two separately to maximise returns. "More than 10" potential investors had shown interest in these, officials said. The next stage for the government is to decide what Bank Leumi, which returned a small net loss last year after heavy bad debt provision, is heavy bad debt provision, is

Local consultants have been appointed to produce evalua-tions of Bank Leumi and Bank Igud within three months, and the Bank Leumi board has grudgingly agreed to co-oper-ate with them.

PKbanken .. U.S. \$50,000,000 Floating Rate Notes due 1991 For the six months 30th June 1989 to 29th December, 1989 the st rate has been fixed at 16.8375% per annum. interest payable on 29th December, 1989 will be U.S. \$851.23 per Note of U.S. \$10,000 denomin

Gestetner bids for Hanimex Lazard Frères forms European buy-out fund version of some of the loan stock held by AFP Group. By Charles Batchelor AFP, which now owns 13.9 per cent of Gestetner, would increase its stake to 55 per cent

LAZARO FRERES, the French merchant bank, has set up a FFr1.8bn (\$271m) management if it fully converted its loan stock and exercised its options. buy-out fund to provide equity finance for deals primarily in France but also throughout Mr Melgaard said that Gestetner was still seeking at least one more large acquisition. The company plans to double

continental Europe. The Fonds Partenaires is first large buy-out fund to be set up by a group of Continen-ial investors. European funds have in the past been set up by British and American venture

The disposal was one of a set capital groups.

The new fund has the backing of 28 European investors including French banks, such as BNP and Credit National, AFP was also said to have agreed to buy Chase's holding of shares and options in Rell

Corporation, Chase's 66 per Axa-Midi and UAP. Other investors include GE which it controls Wormald, the Capital Corporate Finance Group of the UK. Dresdner Bank of Germany, Generali, an The consideration would be A\$46.4m in cash, equivalent to
A\$2.50 per share. Chase said it
also had an offer of 18 cents
per share for its holding in
mining group AUR.
Chase shares closed 2 cents Italian insurer, and Sofina, a Belgian industrial holding company. Sixty-five per cent of

the funds have come from French investors. **Ponds Partenaires will invest**

up to 10 per cent of its funds or £17.5m (\$27m) in any one trans-action though the equity fund-ing will be used as a basis for raising messanine finance and

The consortium of investors was put together in the rela-tively short time of just three months and Lazard is already GENERAL Nutrition, the largest US specialty retailer of vitamins, has approved an offer from Thomas H. Lee, a Boston-based private investment firm, AP-DJ reports. The looking at two transactions which might be financed by the fund. Management buyouts have grown in popularity in continental Europe in recent years, with France and the Netherlands the centre of most



The Kingdom of Thailand U.S. \$85,000,000

Floating Rate Capital Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the second three months of the interest Period ending on 29th September, 1989 has been fixed at 9%% per annum. The Interest accruing for such a three-month period will be U.S. \$235:40 in respect of the U.S. \$5,000 denomination and U.S. \$11,769.97 in respect of the U.S. \$250,000 denomination and will be payable rogether with the interest for the first three months of the said Interest Period on 29th September, 1989 against surrender of Coupon No. 11.

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Republic of Venezuela

up to U.S. \$350,000,000

Floating Rate Notes Due 1995

in accordance with the terms and conditions of the Notes, notice is hereby given, that the interest rate for the Interest Period from 30th June, 1989 to 29th December, 1989 is 10%% p.s. The Coupon Amount payable on the 29th December, 1989 for notes of U.S. \$10,000 and U.S. \$100,000 is U.S. \$527.67 and U.S. \$5,276.74 respectively.



INTERNATIONAL COMPANIES AND FINANCE

Boots shakes off 'dependable but dull' tag

Maggie Urry on the background to the UK retail chemist's bid for Ward White

B cots' directors cannot remember the last time the retail chemist and pharmacautical group launched a hostile bid. Even Mr Philip Birch, chairman of Ward White, the victim of yesterday's £800m (\$1.26bn) offer from Roots was apprized from Boots, was surprised when he heard who had been buying his company's shares.
"One does not associate Boots with aggressive bids," he

The offar for Ward White marks a significant change in culture at Boots and a bid to enter completely new areas of retailing, notably do it-yourself (DIY) and car species.

retailing, notably do it yourself (DIY) and car spares.

Boots used to be regarded as a dependable but dull company. Growth, when it came, was largely through the group's internal efforts.

In the early 1970s offers were mooted for both House of Fraser and Glaxo, but both were referred to the Monopolies and Mergers Commission. More recently, agreed deals have been done the controversial purchase of Flint, the US sial purchase of Flint, the US pharmacentical business, in 1986 and in January this year tha takeover of Underwoods, the London-based chemist

Section of Figure 1 to the Section of the Section o

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But there has been a "quiet revolution" going on at Boots for some tima, which was revealed by Mr Robert Gunn, the chairman, when he announced an unexpectedly large rise in the group's latest

annual profits last month. The new air of confidence, retail side of the group, once reinforced by the rapid success run by the pharmacists who made up the prescriptions, has developed retailing skills which have enabled a strong improvement in retail margins. In recent years there has been a very large programme of redesigning strong from the control of the of redesigning stores, focussing on key product areas, control-ling costs and using electronic point-of-sale technology to improve stock control and to determine which products it was profitable to sell. All these have combined to increase profitability.

Perhaps more important has been the drive to make manag-ers more accountable, which required an overhaul of the store management structure.
And non-performing businesses have been more ruth-lessly dealt with than in the

lessly dealt with than in the past.

Most significant, though, was the arrival of Sir James Blyth as chief executive in October 1987 after he quit the managing director's job at Plessey. Although not the instigator of the shake-up, he was introduced to pep up the business with a fresh and energetic approach.

approach.
The Ward White bid could not have happened without Sir James being there," suggests one analyst. But Sir James is only there because of a feeling within Boots that it ought to Certainly the company has a

reinforced by the rapid success it has had with the Underwoods purchase. Most of those stores were swiftly trans-formed into Boots ontlets, with a dramatic effect on sales. But behind this new mood

there is another motive. Boots' businesses are now throwing off cash and it could be seen as a bid target itself, if it did not have something new to invest in. Pharmaceutical companies are too expensive to buy, but retailers come cheaper.

esterday Sir James, in outlining the group's intentions for Ward White, made no suggestion that there was any industrial logic in the two companies joining forces. Rather Boots says it can bring skills to Ward White's UK subsidiaries that are lacking at present, and support expansion and investment programmes from its own

cash-generative activities.
The North American business. Whitlock, an auto parts retailer, has too many prob-lems to be tackled at the same time, argues Sir James, and that will be sold to the highest That decision may reflect Boots own sorry involvement in North American retailing – after years of struggling in Canada, Boots finally pulled

out last year. In the UK, Boots reckons Ward White's Halfords chain,

bicycle retailer, is already a well-managed business and expanding fast. Payless, the out-of-town DIY operator, and Stanley, the high street deco-rating chain, need more atten-tion, Boots reckons.

Payless, with third place in the DIY market league table, has the best financial ratios of any of the major players — a fact which Boots readily con-cedes and which My Birch cedes and which Mr Birch claims as a defence counter.

As well as cash for investment, Boots reckons it can insert into Ward White its insert into Ward White its mass market merchandising expertise, its know-how in technology and systems, its understanding of the retail property market and its warehousing and distribution skills. But the main plank of Boots attack on Ward White is that it "lacks strategic direction". It is a charge to which Mr Birch pleads a firm not guilty, although to ontsiders it has sometimes been hard to discern what the strategy is.

sometimes been hard to discern what the strategy is.

Ward White's origins are in a shoe business called John White, the board of which Mr Birch joined in 1970. He was there while a series of deals were done in the footwear sector, including the purchase of George Ward in 1972.

In 1980 Mr Birch became chairman, and soon launched the group on an acquisition attractive.

Ironically Sir James, whose own background is in defence, is now on the attack, even if that is itself a form of defence.

Mr Birch, usually on the aggressive side of a deal, is now the target.

the group on an acquisition spree – in that sense its cul-ture could not be more differ-

Aerospatiale makes \$4.7m investment in ES2 ent from the Boots of old. Halfords was the first big deal, in 1984, followed by a bid

AEROSPATIALE, the French AEROSPATIALE, the French aerospace group, has become the ninth company to invest in European Silicon Structures (ES2), tha pan-European microchip manufacturer attempting to challenge US and Japanese dominance in semicondustres.

semiconductors.

The other investors, who funded the formation of the company in 1985, include Saab Scania, British Aerospace, Groupe Bull, Philips and Asea Brown Boveri. Around \$100m was raised to start the com-

Aerospatiale is understood Aerospatiale is understood to have made its investment, valued at about Ecu5m (\$4.7m), to gain experience of a technology that it is finding increasingly crucial to its business. It has been a customer of ES2 for over two

years. ES2 designs and makes a special kind of silicon chip called an Application Specific Integrated Circuit (ASIC), cusrequirements and produced in small production runs which conventional semiconductor companies would find uneco-

nomic.

It uses a combination of computer-aided design techniques and electron beam technology to deliver products twice as quickly and cheaply as its competitors.

It is now building up manufacturing capacity at its American venture, US2, where its customers include Boding Corporation, Hughes Aircraft and John Hopkins University. However, the European com-

providing energy plants.

It is understood that Ford's choice of Portugal reflects its success in cutting red tape and guaranteeing skilled labour.

Nevertheless, RS2 delivered its 500th chip design to Bosch of West Germany in May and said it expected to deliver its 600th design next week.

Enimont and Orkem agree to 'swap' activities

ORKEM, the French stateowned chemicals producer, and Enimont, the Italian chemicals group formed from the state ENI group and most of the assets of the private-sector Montedison, have clinched an agreement to reinforce their respective product ranges by swapping activities.

Enimont will take control of Orkem's polyethylene activiwhile the French company will take over Enimont's subsidiary Vedril, which produces acrylic glass at two sites in Italy and West Germany. The Italian company will also take a share in Orkew's patrochemists. in Orkem's petrochemicals steam cracker at Dunkerque.

Vedril is estimated to be worth around \$120m, while the activities acquired by Enimont are valued at over \$300m, leaving the Italian company to pay Orkem the balance in cash. This is a very important deal because wa are trying to build an industry on a European scale," said Mr Lorenzo Necci, chairman of Enimont.

too many competitors in Europe. We do not believe that in the years to come we can continue to have 18 producers of polyethylene or 17 producers of PVC."

Mr Serge Tchuruk, Orkem's chairman, said that the French Government had approved the deal, adding that the restructuring of the chemicals industry had to be carried out on a European, not national, scale.
The deal continues Orkem's move to refocus on a number of speciality chemicals, selling the activities where it did not have a strong enough market position. Enimont, meanwhile, will be reinforced in the polyethylene sector, where it was already one of the strongest

European companies.
The acquisition of Orkem's 390,000-tonnes-a-year capacity to produce low-density polyeth-ylene, used in packaging and agricultural film, will give Enimont nearly a quarter of the mont nearly a quarter of the 4.55bn-tonnes-a-year European market. In addition, Orkem's 100,000 tonnes a year of linear low-density polyetbylene capacity will give it a third of the fast-growing market for this plastic, used in applications such as packaging and retempted the statement of the s

rotomoulding. Orkam, meanwhile, will move into the lead in the 220,000-tonnes-a-year European market for acrylic glass, which it sells under the name of Altuglas, with a share of 30 per cent. It will also double its market sbare in the 400,000-tonnes-a-year European market for methyl methacrylate, used as a raw material for acrylic glass as well as in coatings, plastics and lubricants.

Mr Necci said that the disagreements between the Italian Government and Mr Raul Gardini, who cootrols Montedison, over the creation of Enimoot had been solved last week.

"Enimont's problam is entirely an industrial one, not a question of who will be its shareholders in three years or five years or ten years," he

Benckiser returns DM119.7m profit

By Haig Simonian in Frankfurt

IN ITS first consolidated group results, Benckiser, the highly acquisitive West German detergents company, yesterday dis-closed pre-tax profits of DM119.7m (\$60.8m) on sales that rose by 15.4 per cent to

DM1.49bn last year.
Adjusted for subsequent purchases and disposals, Benckiser's turnover rose by 25 per cent last year. Profits are harder to judge, as the com-pany published its 1987 profits only on a domestic basis, with a DM2.5m pre-tax loss.

Net profits in 1988 jumped to DM71.5m from just DM831,000 in 1987, despite a steep increase to DM53.4m from DM12.7m in interest costs as a result of last year's takeovers.

Sales should reach DM2bn to DM2.2bn this year, according to Mr Peter Harf, Benckiser's chief executive. Mr Harf made no profits forecast for 1989, but said earnings in the first six months had already shown a "clear two-digit percentage increase." Worldwide turnover soared by 32 per cent to DML03bn in the first half.

That put Benckiser in a posi-tion to make further acquisitions in the European detergents business, with Italy, Spain and Portugal its main targets, he said.

ent purchase unlikely.

The company emphasised its determination to remain privately held, and said that acquisition finance was readily available from its banks if necessary. However, Mr. Manfred Klein, Benckiser's finance director, said there was a strong chance that it would tap the capital markets for the first time this autumn, Benckiser has raised to 68

per cent its stake in Mira Lanza, the quoted liahan detergents group, in which it bought a 54 per cent share packet from Ferruzzi last year. However, he argued that the prices now being demanded by the decreasing number of Although it was still buying shares on the open market, Mr Harf sald Benckiser would not acquirable companias in the business made an immintake full control of Mira.

Portugal wins Ford deal

By Peter Wise in Lisbon

FORD Motor Company has reached an agreement with the Portuguese Government to invest more than \$130m in a plant producing car radios and other high-technology compo-nents. The project will create more than 1,700 jobs in an area south of Lisbon.

Portugal overcama tough competition from Spain and Ireland for the contract, which represents the biggest foreign investment in Portugal since Renault opened a factory there 12 years ago. Ford's decision is a major boost to Portugal's persistent efforts to promote itself as a competitive location for high-technology investment. The greenfield project will produce radios and other audio

components for Ford's car and truck production plants in Europe. Manufacturing is expected to begin in 1992 and full production should ba reached by 1996. The investment will be made over seven years. Export earnings are expected to reach \$215m by

for Foster Brothers, the mens-wear chain, which failed; then

wear chain, which failed; then came the successful purchase of Maynards, the toy retailer and confectionery group and of Owen Owen, a department store chain, in 1985; both Payless and LCP, a property group, were acquired in 1986, the latter being the capture of Whites

ter being the owner of Whi-

ber of disposals too, some of them fairly soon after acquisitions. The

footwear businesses have all gone, as have the toy chain and Owen Owen. In all this, Mr Rirch says,

Ward White was aiming to be an international speciality

retailer. Critics suggest his main concern in selecting tar-

main concern in selecting targets was not so much industrial logic as whether an acquisition could help keep profits rising, with much paper being issued on the way.

Whether by luck or judgement, though, Ward White has assembled what is now a fairly coherent grown of hydrogeness.

coherent group of businesses, some of which are clearly

here have been a num-

Government-funded training schools will produce 600 qualified technicians as well as skilled workers for the site. Other key components Portugal is offering include the where it has been noticeably building of special roads and

Outokumpu, Ibercobre link

By Enrique Tessieri in Helsinki

OUTOKUMPU Copper, part of Finland's state-owned Outok-Prior to the deal, umpu group, has acquired a 51 per cent stake in the Spanish copper alloy semi-products company, Iberica del Cobre (Ibercobre). Under the deal Ibercobre's

share capital is to be in-Outokumpu. This will eventually increase to 80 par cent the Finnish company's

Prior to the deal, Ontokumpu Copper had a 21 per cent stake in Ibercobre, which last year achieved net sales of Pta

Outokumpn claims the acquisition will turn it into Europe's second-largest producer of copper semi-manufactured products, lifting its output to 305,000

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tions such as leverage buy-outs and management buy-outs.

INTERNATIONAL COMPANIES AND FINANCE

Lonrho likely to quiz Bond in court

By Raymond Hughes, Law Courts Correspondent

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Dillon, Reed & Co. inc. The First Boston Corporation Alex. Brown & Sons Bear, Steams & Co. Inc. Kidder, Peabody & Co. Lazard Frères & Co. Merrill Lynch Capital Markets Donaldson, Lufkin & Jenrette Montgomery Securities Morgan Stanley & Co. PalneWebber Incorporated Prudential-Bache Capital Funding Salomon Brothers Inc. Shearson Lehman Hutton Inc. Smith Barney, Harris Upham & Co. Wortheim Schroder & Co. Dean Witter Reynolds Inc. Advect, Inc. Allen & Company William Blair & Company McDonald & Company A. G. Edwards & Sons, Inc. J. C. Bradford & Co. Dain Bosworth Prescott, Ball & Turben, Inc. Piper, Jaffray & Hopwood Oppenheimer & Co., Inc. Amhold and S. Bleichroeder, Inc. Wheat, First Securities, Inc. The Robinson-Humphrey Company, Inc. Blunt Ellis & Loewi Boeticher & Company, Inc. Bateman Eichler, Hill Richards Robert W. Baird & Co. Eppier, Guerin & Turner, Inc. First of Michigan Corporation The Chicago Corporation Cowen & Co. Furman Selz Mager Dietz & Birney Gruntal & Co., incorporated **First Southwest Company** Interstate/Johnson Lane Johnston, Lemon & Co. Howard, Well, Labouisse, Friedrichs C.J. Lawrence, Morgan Granfell Inc. Legg Mason Wood Walker Ladenburg, Thalmann & Co. Inc. Ragen MacKenzie Neuberger & Berman . The Ohio Company Needham & Company, inc. Rauscher Pierce Refsnes, Inc. Raymond James & Associates, Inc. Stephens Inc. Stifel, Nicolaus & Company Sutro & Co. Wedbush Morgan Securities AIBC Investment Services Corp. Brean Murray, Foster Securities Inc. Daniels & Beil, Inc. D. A. Davidson & Co. First Manhattan Co. Gallagher Capital Corp. WR Lazard & Laidisw Seidler Amdec Securities Inc. Parker/Hunter Propp & Company, Inc. Pryor, Govan, Counts & Co., Inc.

Van Kasper & Company

empire, is likely to be cross-examined in the High Court in London to find out which of his companies owns about 114m shares in Lourho, the UK international trading conglom-

Lourho is not satisfied that it has been given correct infor-mation about the true beneficial ownership of the shares, and has asked the court for an order freezing them.
The central issue is whether

the shares are beneficially owned by Bond group companies or by companies in the Bell group, in which Mr Bond has a controlling

Mr Bond has sworn an affidavit and is among witnesses that Lonrho has been given

yesterday and is expected to last throughout this month,

Lourno is claiming an order under section 454 of the Act imposing restrictions on dealings in the shares. It is the first time such a claim has come to full trial.

MR ALAN BOND, head of leave by the court to crosser-Australia's troubled Bond amine.

In the hearing, which began Lonrho is complaining about the answers it received to notices it served under section 212 of the 1385 Companies Act requiring information about Bond holdings of its shares.

At an earlier hearing Mr Bond and five of his companies

undertook not to dispose of the shares, or any interest in them, pending the outcome of the trial. There was a proviso enabling the shares to be charged or transferred to

banks or financial institutions as security for the provision of

The case originally related to 95m shares - 21.5 per cent of Lourho's equity. Yesterday the court was told that, as a result of two bonus issues, the Bond interests now held about 114m

Ahares.

Mr William Stubbs, QC, for Lonrho, also told Sir Nicolas Browne-Wilkinson, Vice-Chancellor - the senior judge of the High Court Chancery Division - that Lourho had been told that 20.9m of the shares had been told that 20.9m of the shares had been charged to Australian Industry Development Corporation. These were registered in the name of Hurstmere Finance, a wholly-owned subsidiary of Bond Corporation

been charged to American Express and Merrill Lynch Mr Stubbs said that the 90m shares had been bought in four tranches in September and October last year. Initially it had been said that the pur-chaser was Hurstmere, but subsequently Lonrbo had been told that the shares had been

purchased by Bond Corpora-tion Holdings and vested in Later it had been told that that information was given as a result of a mistake and that the real purchaser of all the

"That was a very serious" matter, because one of the objects of these sections is that there should not be a false market in a company's shares, Mr Stubbs said. The hearing continues today.

to repay loan on time

By Michael Marray in Hong Kong

BOND Corporation Holdings, the debt-laden Australian master company of entreprenent Mr Alan Bond, has failed to pay back on time most of a HE\$400m (US\$51.3m) loan from Bond Corporation Interna-tional (BCIL), its Hong Kong listed subsidiary.

BCIL directors have granted

a one-week extension of the repayment date. Meanwhile the Hong Kong Stock Exchange has written to BCIL seeking clarification of the reasons for the delay.

Recently the exchange asked for and received from BCIL an

ment yesterday, a delay arose because several Bond creditors assurance that it would not enter into any more intragroup transactions without consulting its minority share-

The loan, announced on May 25 and made to a wholly owned subsidiary of Bond Corporation, was to have been repaid by June 30 out of a HK\$35m special dividend arising from the sale of the Bond Centre office building in Hong Kong. About HK\$617m of the dividend is bound for the parent company which owns 66 per cent of BCIL.

According to a BCIL state-

were registered as shareholders pursuant to their charges over BCIL shares, and the divi-dends were paid to them under the local Stamp Duties Ordi-Also, a portion of the subsid-

iary'a dividend entitlement "was remitted in error" to Bond Corporation Holdings,

An extension has been granted until July 7 for the the loan. Until then interest

Hong Kong interbank offered riong Kong Interpant offered rate plus 3 per cent. BCIL directors will mest on Thursday to consider a second special dividend arising from the Bond Centre sale. This, payable to all shareholders. would not require approval in

The 50 per cent stake in the building was sold for HK3226bn to EIE Development

BCIL said in the statement that its financial position is sound, that it has no immediate investment plans and that

Corona buys BIG stake from FAI Insurances

CORONA Corporation, a Canadian gold company, has bought a 7.4 per cent stake in US-based Bond International Gold (BIG) from FAI Insurances, Renter reports from

It has also taken an option with Dallhold Investments, the unlisted Bond family company, to buy a further 20 per cent of

Corona paid US\$7.25 a share for 3.97m BIG shares on Friday, Mr Rodney Adler, FAI chief executive, said yesterday. Corona will pay \$8.25 if it exercises its option. Mr Adler said that the Canadian com-

pany had also bought 793,600 BIG warrants at \$1. Mr Michael Cross, managing director of Dalihold, which currently has a 58 per cent stake in RIG, had been looking for a large North American gold mining company to reinforce BIG's position.

"A certain number of people have recommended to Alan [Bond] that he be seen to reduce our dominance in BIG, he said. We have fielded a number of enquiries . . . and Corona was a good fit."

Mr Cross said that Bell Resources, itself 58 per cent owned by Bond Corporation Holdings, had taken out a put option on the Corona stake in BIG. Under the option Corona can ask Bell Resources to repurchase the BIG shares and warrants during the next 90

He added that Corona had 60 days in which to commit itself to taking the additional stake. Of the stake's relationship to the current BIG share price, he said: "We are only allowed a premium of 15 per cent under Canadian rules. We would have liked a better premium but we wanted a major gold producer on the board."

Adler disposes of 14.9% holding in Goode Durrant

FAI INSURANCES, the Australian group headed by Mr Rodney Adler, has disposed of a 14.9 per cent stake in Goode Durrent, the UK industrial and financial management group, writes Ray Bashford.

The parcel changed hands at

132p a share compared with yesterday's closing price of 1840, up 6p. The disposal price values the stake at £9.57m. The sale is part of FAI's new investment policy which has

taken shape since Mr Adler took over from his father, Mr Larry Adler, who died last Mr Adler signalled his intention last month to reverse his father's policy and greatly reduce UK investments when

he sold a 18.2 per cent stake in-Pearl Assurance at slightly

retain several other small UK holdings of below the discloseble 5 per cent level. The Goode Durrant shares have been acquired by Winne-

dael, a Dutch registered com-pany controlled by trusts asso-clated with the Nash family which has a wide range of international property and industrial investments. Headed by Mr John Nash, an Englishman, the company has invest-ments in Southern Africa principally South - the US and Europe. Winnedael held 5.25 per cent

before the purchase of the FAI stake, but was forced to place this holding to comply with Bank of England regulations before the deal with the Australian group went through. As Goode Durrant has bank-The Pearl holding was the group's biggest UK tuvestment, although FAI is believed to

Montreal Trust Company of Canada

acquires Corporate Trust Business of The Canada Trust Company

NOTICE is hereby given that on October 1, 1988 Montreal Trust Company of Canada acquired from The Canada Trust Company substantially all of its corporate trust business. Montreal Trust Company of Canada will succeed The Canada Trust Company as Trustee for the following issues of securities:

THE BANK OF NOVA SCOTIA U.S. \$200 million Floating Rate Debentures due 1994 BRAMALEA LIMITED

U.S. \$75 million 111/4% Senior Debentures due 1992 CANADIAN OCCIDENTAL PETROLEUM LTD.® CAN. \$60 million 123/8% Retractable Debentures due 1999 CANADIAN PACIFIC LIMITED

CAN. \$75 million 101/2% Debentures due 1990 EURO-NEVADA MINING CORP. INC. U.S. \$8 million 642% Exchangeable Debentures due

May 16, 1994 GAZ METROPOLITAIN INC.

CAN. \$20 million 174% Debentures due 1990 CAN. \$40 million 14/2% Debentures due 1992 CAN. \$50 million 131/2% Debentures due 1994

CAN. \$50 million 101/8% Debentures due 1995 HUDSON'S BAY COMPANY U.S. \$75 million 10% Notes due 1991

CAN. \$80 million 10.75% Notes due 1991 U.S. \$50 million 10% Sinking Fund Debentures due 1994 CAN. \$60 million 10.5% Debentures due 1989 CAN. \$50 million 14.25% Notes due 1989

INCO LIMITED U.S. \$75 million 11% Notes due 1992 LOBLAW COMPANIES LIMITED CAN. \$35 million 121/2% Debentures due 1990 CAN. \$75 million 10% Retractable Debentures Series 7

due 2001 CAN. \$50 million 115% Debentures due 1992 MAGNA INTERNATIONAL INC. U.S. \$75 million 7% Convertible Subordinated Bonds

PWA CORPORATION® CAN. \$250 million 74% Convertible Subordinated Debentures due 1996 PANCANADIAN PETROLEUM LIMITED®

CAN. \$50 million 1242% Debentures due 1993 SHELL CANADA LIMITED®

CAN. \$100 million 111/2% Debentures due 1992 CAN. \$75 million 111/2% Debentures due 1992 U.S. \$125 million 141/ Debentures due 1992 SUNCOR INC.

U.S. \$75 million 124% Debentures Series B due 1991 THE NATIONAL VICTORIA AND GREY TRUSTCO LIMITED CAN. \$100 million 1044 Notes due 1993

CAN. \$100 million 10 % Notes due 1993 TRIZEC CORPORATION LTD. CAN. \$50 million 13% Senior Debentures due 1989 S.F. 100 million 6/6% Bonds due 1991

S.F. 100 million 6/1% Bonds due 1993 S.F. 100 million 54% Bonds due 1995 ECU 56 million 9/6 Senior Debentures due 1995 CAN. \$60 million 117/7 Senior Debentures due 1995 CAN. \$75 million 10% Senior Debentures due 1996 S.F. 100 million 5% Bonds due 1999

U.S. \$125 million (variable rate) Senior Debentures

due 1995 The Corporate Trust Department of Montreal Trust Company of Canada will administer the trusts respecting the above-mentioned issues at the office indicated below by the corresponding number.

m Place Montréal Trust 1800 McGill College Ave. Montreal, Quebec H3A 3K9

15 King Street W. Toronto, Ontario M5H 1B4

13 411-8th Avenue S.W. Calgary, Alberta T2P 1E7



Oakbridge shares sold

MARUBENI and Toyo Menka, two Japanese trading houses, yesterday announced the acquisition of a 7.5 per cent interest each in Oakhridge, an Australian coal mining com-pany, Kyodo reports from Tokyo.

This makes them the second largest shareholders of Oak-bridge, behind Elders Resources which has a 49 per cent stake

The two Japanese companies acquired new Oakbridge shares from Bankers Trust Australia. These are part of shares issued by Oakhridge in taking over

coal mines from Elders Marubeni and Toyo Menka

said their total purchase price of the new Oakhridge shares was A\$10m (US\$7.6m) each. Prior to the recapitalisation, Sumitomo Corporation had a 3.4 per cent interest and Sumi-tomo Metal Industries a 2.2 per cent stake of Oakhridge. These have now been diluted to 1.5 per cent and 1 per cent respec-

Oakbridge produces 10m tonnes of coal a year, of which 60 per cent to 70 per cent is shipped to Japan.

Thai Airways enjoys tourist surge By Our Financial Staff

THAI AIRWAYS International. the country's national carrier which is benefiting from a surge in tourism, yesterday reported pre-tax profits of US\$138.2m for the half-year to

This was below the \$141.7m achieved in the previous first half, but the comparable result had included a \$49.3m profit from aircraft sales.

Genting reconstruction approved

GENTING, the Malaysian investment group, has received approval from the country's Foreign investment Committee and Capital Issues Committee (CIC) for a proposed reconstruction of its resort division, Reuter reports.

The CIC has approved Genting's proposal to sell its gaming, hotel and resort-related activities to a subsidiary called Resort World for 442.8m ringgit (US\$163.4m) and the issue of new Resort World shares to Genting and individuals.



American Express Bank Ltd.

Floating Rate Subordinated Capital Notes Due 1999 Notice is hereby given that for the Interest Period 6th July, 1989 to 6th October, 1989 the Notes will

bear interest at the rate of 9%% per annum. The interest payable on 6th October, 1989 against coupon No. 10 will be US\$239.58 per US\$10,000 nominal and US\$5989.58 per US\$250,000 nominal. DATED THIS 4th DAY OF JULY, 1989.

Principal Paying Agent



NKK to raise Y100bn through

share offer By Our Financial Staff

NKK, A Japanese steelmaker, is to raise nearly Y100bn (\$694.4m) through a public share offer this month. The offer represents some 3.6 per cent of its expanded equity. It said yesterday that the underwritten issue would com-prise 120m new shares at the market price — which rose Y25 on the Tokyo Stock Exchange in response, to stand at Y815.

at Y815.

NKK is raising a further Y150bn through the domestic convertible bond market.

Profits of NKK, in line with the rest of the Japanese steel industry, have been rallying strongly since it dipped into the red in 1986-87. the red in 1986-87.



Floating Rate Loan Notes Due 1996 (Series A) Stern James West, Stern James Stern € 59.79



Mortgage Funding Corporation No 3 Plc £120,000,000 Class C-1 £14,200,000 Mortgage Backed Floating Rate Notes October 2023

For the interest period 3rd July, 1989 to 2nd October, 1989 the Class C-1 Notes will bear interest at 14.3625% per amount interest payable on 2nd October, 1989 with amount to £3.580.79 per £100,000 Note. The Class C-2 Notes will bear interest at 14.5625% per arman, interest are which on but Chesher. interest payable on 2nd October, 1989 will amount to £515,552.40 pt £14,200,000 Principal Amount. ount to £315,552.40 per

Agent Bank: Aorgan Generally Trust Company of New York

FINANCIAL TIMES TUESDAY JULY 4 1989 INTERNATIONAL CAPITAL MARKETS

Moody's allots 'not prime' ratings to CP of 7 groups

MOODY'S Investors Service said it has assigned a "not prime" rating to the commercial paper of seven corporations with speculative grade debt to clear up any miscon-ceptions among investors about the credit quality of

Moody's said it was taking its action in the light of US-based Integrated Resources' default on its US commercial paper and Eurocommercial

paper and Eurocommercial paper programmes.

The rating agencies have come under criticism in recent weeks for their fallure to alert investors to the imminent investors to the imminent liquidity crists at the company that led to the default on \$55m in short-term debt. The company is now seeking to restructure those borrowings. Moody's said that while it Moody's said that while it had assigned a speculative grade rating to Integrated Resources' long-term debt and had not rated the short-term obligations, it later learned that investors had been under the impression the debt had been or would have been strong been or would have been given an investment grade rating.

Mr Thomas McGuire,

rating opinions on short-term obligations whether requested by the issuer or not, "particularly in cases where the issuer's risk is not being properly evaluated by the market place."

Mr McGuire also said that while the rating agency had believed that purchasers of Integrated Resources' commercial paper were not only profes-sional investors, some money market funds which sold shares to public retail inves-tors had also been buying the

Moody's is also considering modifying its activities with respect to Eurocommercial paper programmes, although Mr McGuire said that because information on borrowers is less readily available in Europe, the "not prime" rating may be used less frequently.

While Moody's had not rated Integrated Resources' short-term debt, Standard and Poor's, which had also assigned a speculative grade rating to integrated Resources'

Moody's director of corporate ratings, said the rating agency would from now on express rating opinions on short-term obligations whether requested long-term borrowings, had assigned an investment grade an investment grade an investment grade and investment grade and investment graded until the day the company announced its liquidity

moniems.

Mr McGuire said that borrowers with speculative ratings on their long-term debt should "absolutely not" earn an investment grade rating on their short-term paper. The only circumstance under which a split credit rating of that type might be applied which a spit creat raing of that type might be applied would be in cases where a higher-rated third party had insured or guaranteed the con-

• The London equities business of Swiss Bank Corporation, which last week amounced a severe curtailing of its London equities operation, lost 23.7m in the first five months of this year after a full allocation of all costs.

The bank, responding to reports that the operation has made significant losses this year, said a small gross profit was made in the trading of UK stocks in the same period:

Norway savings banks advance By Karen Fossil in Oslo

NORWAY's savings banks are continuing to recover from the doldrums of the last two years according to figures released yesterday by the Norwegian Savings Banks Association.

The top 25 banks have posted increased operating profits in the first four months to NKrl.35bn (\$189m), or 2.17 per cent of total assets, compared with NKr733m last

The Association attributes the rise primarily to a cut in operating costs from 3.07 per cent of total assets in the

A Property Policy Add A Property Policy Agents Policy Agents

offer

TSE launches committee to review admissions

THE TOKYO Stock Exchange decided yesterday to establish a committee to examine means of admitting new members.

These would include two British firms, Barclays de Zoete Wedd (RZW) and James Capel Pacific, which have long been waiting for seats. The TSE said the committee would be formally established later this week, and would then begin reviewing membership proposals, which have been restricted by a shortage of

computerisation of trading, and to consider introducing a system of second-class mem-bership, allowing newly admittives on the trading floor but without full voting rights. Britain has argued strongly in favour of the TSE granting BZW and James Capel seats on the exchange, and officials from the exchange and Japan's Ministry of Finance have indi-cated that the problem should

The two firms missed out in

FT GUIDE TO WORLD CURRENCIES

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uador	(Secre)	812.18e 865.20a	514,8526 548,7797	266.9449 284.5357	364.6150 388.6419	Mongolia Montserrat	(E Carr S)	5.2631 4.2350	6.5499 6.5499 3.3363 2.6846 8.5007	1.3919	4.6386 2.3627 1.9012			115.3724 1397.4643	59.8192 724.5686	B1.7059 989.6745
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tations: (a) Prec rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports: (f) Non commercial (d) Bayles rate; (ii) Loxury goods; (iii) Market rate; (o) Official rate; (p) preferential rate; (d) convertible rate; (r) parallel rate; (s) Selling rate; (t) Some dota supplied by Bank of America, Economics, Department, London Trading Centre, Enquiries; (1) 634 4360/5, Monday, July 3, 1789

TRADE INDEMNITY



01-739 4311 SPECIALIST CREDIT ANALYSIS

THE CREDIT RISK MANAGERS

These Bonds having been sold.



NIHON DORO KODAN - JAPAN' HIGHWAY PUBLIC CORPORATION -

ECU 150,000,000

91/8% Guaranteed Bonds Due 1996

guaranteed by

Japan

Issue Price 101.65 per cent.

The Long-Term Credit Bank of Japan (Europe) S.A.

Crédit Lyomais

Crédit Commercial de France

Deutsche Bank Capital Markets Limited

UBS Phillips & Drew Securities Limited

Banca del Gottardo

Bank of Tokyo Capital Markets Group

Credit Suisse First Boston Limited

Dresdner Bank Aktiengesellschaft

IBJ International Limited **Kredietbank International Group**

Mitsubishi Finance International Limited

The Nikko Securities Co., (Europe) Ltd.

Nomura International

Saitama Finance International Limited

Swiss Bank Corporation S.G. Warburg Securities **Bankers Trust International Limited**

Banque Bruxelles Lambert S.A. Daiwa Europe Limited

Generale Bank

Istituto Bancario San Paolo di Torino

Merrill Lynch International Limited New Japan Securities Europe Limited

Nippon Kangyo Kakumaru (Europe) Limited

Paribas Capital Markets Group

Société Générale

Taiyo Kobe International Limited

Yamaichi International (Europe) Limited

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INTERNATIONAL CAPITAL MARKETS

French watchdog rebukes | Marubeni launches two issues worth \$1.5bn managers of mutual funds

By George Graham in Paris

THE COMMISSION des Operations de Bourse (COB), France's stock market regula-tory authority, has delivered a etinging rebuke to the managers of Sicavs, or mutual funds

In its annual report, pub-lished yesterday, the COB notes a large number of irreguthe Sicave it the management of the Sicave it checked, and complains also of failings in the marketing of Sicave by two major banks, BNP and CCF. Paris financiers noted yester-day that the COB had carried ont detailed checks on only 11 of France's 772 Sicavs, but that six of these were guilty of et least one infraction of

One fund, GH Matif, man-

aged first by Banque Arill and frogmen who do not have the then by Paluel Marmont Finance, broke the rules on COB." Finance, broke the rules on four counts, including investing 26 per cent of its portfolio in the certificates of deposit of a single bank – two and a half times the legal limit – and running an illegal overdraft.

The COB report adds little detail on the major insider

detail on the major insider trading investigations it has carried out over the past year, including Pechiney and Société

Mr Jean Fargé, the commis-sion's chairman, said that the investigation of share pur-chases in Société Générale was chases in society deterate was like a "bethyscaphe, which climbs slowly to the surface, stopping for decompression on the way. It is surrounded by

On the other hand, the COB contests Société Générale's handling of its own share purchases in Compagnie Générale d'Electricité, another company privatised under the last Gov-

But Mr Farge was also criti-cal of the regulatory structure in which his own commission functions, attacking the "absence of Cartesianism" in its organisation. Noting that the COB had undergone eight reforms in the 22 years of its existence, the most recent just passed by parliament, he described it as "a Saririan organism, whose existence pre-cedes its essence."

By Katharine Campbell

THE TOKYO stock market may have passed one of its quietest days for a long time, with a pattry turnover of just.

300m shares, but this did not dampen Japanese equity-related Eurobond activity later in the day, when a total of \$1.7bn worth of dollar bonds with warrants attached was absorbed into the

The vast majority was for Marubeni, a trading company, which launched two issues for

INTERNATIONAL BONDS

a total of \$1.5bn. The four-year deal was a global issue, with \$300m targeted towards the Asian market and \$500m for Europe, led respectively by Nikko Securities and Dalwa

The coupon, to be fixed on July 6 was indicated at 4% per cent. Early afternoon Nikko Securities were quoting a bid price of a % per cent discount to par, which firmed later to

JAPANESE government fonds rallied sharply in thin, largely, speculative trading in London.

shrugging off news of the rul-ing Liberal Democratic Party's

trouncing in Tokyo's municipal elections.

Dealers said that the rally was fuelled by relief that the bad news was out of the way.

GOVERNMENT

Agreemet Cartest. Paid Researc.

NE	W INTE	RNATIO	NAL	BOND	ISSU	ZS .
Borrower US DOLLARS	Amount of	Coupen %	Price	Materity	Fees	Book rouser
Marsteni Corp.	700	(5)	100	1994	24/12.	Yamaichi int (Europe)
Marabani Corp.#	500	(5) (4-5) (6-4)	100	1993	24/12	Daiwa Europe
Marubeni Corp.	300	(43)	100	1983	24/1/2	
Hino Motorse	200	(514)	100	1994	24/12	Nisko Sect. (Europe)
Galdien Co.(d)	100	418	100	1993	24/12	Yamaichi Int. (Europa)
D-MARKS Finnish Export Credit(s) •	(a)	15	100	1991.	14/%	Merrill Lynch Bank
PWISS FRANCE Onbayashi Road Con.(b)***\$*	70	58	100	1994	158	Nomura Bank(Switzerland)
/EN FV Power Ca.(d)‡♦	.Sibn	(d)	160.10	1994	20/10bp	LTCB Int.

pon of 5.00 per cent. It was trading around par bid, accord-ing to lead manager Yamaichi International, which had yesterday also performed an inter-national share issue of 45m shares worth \$275m for the

Meanwhile, Hino Motors, Japan's leading truck maker, came in with a \$200m equity

less % as the market settled in the five-year range, Maro-beni also brought \$700m worth of paper at an indicated coupon of 5.00 per cent. It was ager Nikko Securities at a discount of % per cent hid to its issue price, comfortably within

> Yamaichi also announced that the coupon on publishers Galden's \$100m four-year deal was cut to 4% per cent. The exercise price of the warrants was fixed at Y1,804, which reflects a 2.5 per cent premium

Japanese bonds rally despite pointer from Tokyo poll

over yesterday's closing price of the company's abares.
In Germany, Merrill Lynch
Bank took advantage of the
Bundesbank's lifting its ban on
D-Mark bonds under five years to bring a two-year currency-linked deal for Finnish Expert Credit. Tailored for domestic retail investors, redemption is - for the first time in this market - linked to the peseta, the neophyte member of the Ruropean Monetary System. While the bond bears a seem-

with the US closed for Independence Day today, dealers were expecting little new issuance until the end of the week. Spreads on Eurodollar bonds have been widening during the US Treesury market's rally of recent weeks. The yield on 30-year paper has fallen nearly a point in two months, while Kuros, as is customary in steep rallies, have failed to keep page.

ingly irresistible 16 per cent coupon, investors are of course taking a punt on the D-Mark/ peseta exchange rate. The size of the issue has yet to be fixed,

of the issue has yet to be lixed, the lead manager said.

Dealers were also expecting a jumbo DM-denominated bond for the World Bank to emerge.

Meanwhile, the holiday spirit infected the dollar sector, where trading was thin. And with the US closed for Independence Day today, dealers were

while spreads on top-quality while spreams have generally held up, the most recent issues, although perfectly good names in themselves, have suffered because they are somewhat less liquid until they are tolky placed.

US bonds outperform the rest

INVESTORS who switched their funds into 10-year US Treasuries on January 1 saw returns for the first half of this year far outstrip the performance of any other leading government bond market. Returns on Canadian govern-

ment bonds were more modest but still impressive. "In the first half of this year, returns in North American bond markets beat those in all other markets hands down," said Mr Robert Thomas, chief interna-tional economist at Midland Montagu Research.

Meanwhile, UK government gilts performed dismally among longer maturities, although cash returns in ster-ling, at 6.6 per cent, were the second highest of any govern-ment bond market. Only Australian cash investments proved superior to those in the UK, with total returns of 8.3 per cent for the first half of

But 10-year gilts, to a dollarbased investor, would have caused losses of 11.8 per cent since the start of the year, partly reflecting the sharp decline in the currency. To a domestic investor, 10-year securities would have yielded a

paltry 3.5 per cent. Bond yields for 10-year US securities have fallen more than 150 basis points to the

NORTH A	MERICAN	BOND M	ARKET RET	UANS (%)
Country	Cash	10-yr bond	10-yr bond (\$ terms)	10-yr bond (£ terms)
US	4.9	11,9	11.9	31.4
UK	6.5	3.5	-11.8	3.5
Germany	3.0	2.4	-7.7	8.4
Japan	2.3	-3.6	-16.9	-2.4
France	4.4	4.4	-4.8	11.8
Natherlands	3.1	-0.7	-10.0	5.5
Canada	5.7	10.9	18.5	29.7
Australia	8.3	3.3	-10.0	5.7
Switzerland	2.7	-7.3	-17.2	-2.8

present 8.10 per cent since they started the year at 9.13 per cent. Bond prices in several currencies slumped sharply in early February, with yields on 10-year US Treasuries rising sharply to about 9% per cent. But even when returns are measured from the lower levels seen at the start of the year and before taking into account currency gains, returns on Treasuries this year total 11.9

Sterling investors who switched the proceeds of their investments back into their own currency would have had gains of 31.4 per cent, according to Midland Montagu.

In addition to interest rate

rises in European countries in the past six months, government bond markets outside North America pale when one considers the returns from the Source: Addjand Montagu Planearch

strong dollar. Mr Jim O'Nelll, international economist at Swiss Bank Corp, pointed out that a D-mark investor who had switched to 10-year bonds on January 1 would have total returns of 20.5 per cent, doing only slightly worse than a Japanese

slightly worse than a Japanese investor who would have scored returns of 26 per cent.
Looking ahead, Mr Thomas forecasts that, for the remainder of 1989, North American bond markets will continue to outperform others, with the currency holding ground or gaining in a falling interest rate environment. rate environment.

BONDS They pointed ont that the demographics of Tokyo voters are not duplicated around the country, so the next round of elections for the upper house of the Diet may not duplicate the LDP's poor showing.

the LDP's poor showing.

Trading was at a virtual standstill until election results were released, but yields fell sharply thereafter. The yield on the benchmark Jspanese government 111 bond fell to about 5.41/40 per cent from Friday's clocing in London at However, Mr Thomas suggests that the largest capital gains in North American marday's closing in London at kets will come in cash investabout 5.49/48 per cent. ments, which, given the inverted yield curve, already offer

By Norma Cohen and Stephen Fidler in London and Roderick Oram in New York prices on longer-maturity US bonds drifted lower yesterday in quiet trading before the July

> However, prices picked up marginally at the short end of the market when the latest monthly figures from purchasing managers indicated further aloggishness in the economy. Shortly before the market closed early for today's independence Day holiday, the Treasury's benchmark 20-year bond was down % of a point at 1091, yielding 8.05 per cent. In contrast, the new two-year 8.25 per cent, note was up % of a per cent note was up % of a point at 100% on a when issued basis, yielding 7.97 per cent. The bond equivalent yields on Treasury bills followed the

three-month bills at 8.20 per The June reading of purchasing managers' optimism was 48.8 per cent, down from 49.7 per cent in May, and the lowest level since July 1986. A reading of helous 50 per cent indicates of below 50 per cent indicates ■ WEAKENED by some profit-taking and a lower dollar, while above 50 per cent indi-

same trend, slipping some four basis points with, for example,

B	ENCH	MAR	K Q	OVER	MEN	T B	OND	5
		Coupon	Red	Price	Chunge	Ylete	Week	Month
LIK GILTS		13.500 9.750 9.000	9/82 1/96 10/06	105-27 95-30 95-23	+11/32 +18/32 +27/32	11.27 10.48 9.48	11.64 10.80 9.75	11.87 10.70 9.70
US TREA	SURY "	9.125 8.875	5/99 2/19	107-01 100-04	+2/32 +4/32	8.07 8.06	8.17 8.14	8.42 8.48
JAPAN	No 111 No 2	4.600 5.700	6/90 3/07	95,1093 105,1933	+0.401 +0.485	5.41 8.14	5,42 8,15	5.39 5.12
GEFRAN	Y	7.000	2/90	102,3000	+0.360	6.66	6.70	6.87
FRANCE	BTAN	8.000 8.125	1/94	96,4794 96,0200	+0.195	8.95 8.73	8.84	8.84 8.76
GANADA	-	10.250	12/98	106,1250	+0.250	9.26	9,34	9.54
NETHERL	ANDS	7.000	5/99	99,1250	+0.150	7.12	7,13	7.35
AUSTRAL	ĮĄ.	12.000	7/90	92,2252	+0.179	13.44	13.48	13.80

London closing, "denotes New York morning esselon Yields: Local market standard Prices: US, UK in 32nds., others in decimal Technical Date/ATLAS Price Sources

cates accelerating growth.

The weakness of the dollar was attributed to political developments in Tokyo. By early afternoon in New York, the dollar was trading at Y141.20 and DM1.9275, down from overnight highs in Japan of Y144.95 and DM1.9605, but alightly above lows in Europe

of Y14110 and DM1.9270. UK GOVERNMENT bonds closed higher, helped partly by the firming of sterling against

a weeker US dollar. Sterling's trade-weighted index, compiled by the Bank of England, finished at 90.8, up on the opening 90.6 and well above the Friday close of 90.2.

However, dealers said that the rally of ½ point or more was due mainly to the techni-cal shortage of glits and the worry that prices can move alg-nificantly in the current mar-lest on low religions. ket on low volume.

 AGAINST the background of a quiet secondary market, the French Treasury announced an offering of FFr7bn-8bn worth of

bonds on Thursday.

Three issues will be on offer:
the 10-year benchmark, the 8%
per cent issue of 1999, the 8%
per cent of 2019, and a variable
rate issue due 2001. At least
Rcu200m of the 8% per cent
1997 Ecu bonds will also be
offered.

■ IN WEST Germany, the terms on the new Federal bond issue were announced DM@n for 10 years carrying a 6% per cent coupon at a price of 100% — in line with expectations.

Foreign demand for the issue was reportedly very high. In the secondary market, government bond prices ended mostly 15 to 25 basis points

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times

	EQUITY GROUPS		Mon	day Ju	lly 3 1	989		Fri Jun 30	1 m 1 m 29	Wed Jan 28	São São Aest
Fig	& SUB-SECTIONS pures in parentheses show number of stocks per section	jodez No.	Day's Change	Est Earnings Yield% (Max.)	Gross 91v. Yield% (Act at (25%)	Est. P/E Ratio (Net)	nd adj. 1989 to date	Index No.	ledex No.	Index No.	Index
1	CAPITAL GOODS (296)	956,11	+0.4	11.05	4.18	11.12	15.85	952.10	962.66	767.66	
2	Building Materials (30)	1185,75	H.A	11.94	4.40	10.35	25.79	1188.66	1193.22	1197.84	
3	Contracting, Construction (37)	1685.45	+1.5	14.64	4.37	8.96	32.37	1596.91	1620.99	1624.73	
4	Contracting, Construction (37) Electricals (9) Electronics (30) Mechanical Engineering (54) Metals and Metal Forming (6)	2021.35	+1.3	8.45	4.68	14.60	50.60	2788.68	2815.93		
5	Electronics (30)	5195.15	4.4	9.05	3.40	14.42	23.92		2217.76 529.81	2227,67 533,84	
6	Mechanical Engineering (54)	320.77	+0.7	10.17	4.05	12.19 5.50	8.48 3.02	523.48 549.85	516.40	522.17	
8	Metals and Metal Forming to	31431	+4.7	19.96	5.81 4.66	18.33	6.83	325.60	326.53	323,47	
. 7	Motors (17) Other Industrial Materials (23)	1643 87	+8.7	9.20	4.24	12.99	39.21	1633.16	1642.68	1657.48	
10 21	CONSUMER GROUP (187)	1222 55	+0.7	8.96	3.66	13.97	19.18		1237.63		
22	Browner and Old Hore (22)	1740 57	+0.9	10.07	3.59	12.48	19.65	1337.36	1355.84		
25	Brewers and Olstillers (22) Food Manufacturing (20) Food Retailing (15)	1090 52	+0.5	9.24	3.80	13.55	18.43	1094.25	1877.86	1115.25	985
26	Food Retailing (15)	2344.49	+0.7	8.61	3.25	15.25	25.59	2334.22	2347.74		2025.
27	Health and Household (14)	2233.84	+0.5	6.64	2.66	17.16	22.68	2216.19	2259.46		
29	Health and Household (14) Leisure (33)	1651.19	+9.5	7.52	5.38	16.66	28.79	1642.63	1659.44	1547.74	
ii	Packaging & Paper (15)	564.17	+0.7	10.30	4.35	12.28	8.30	540.35	562.10	565.30	522
23	Packaging & Paper (15)	3524.45	+0.5	8.77	4.72	1437	71.88		3525.66		
34	Stores (34)	815.27	+8.7	11.12	4.42	11.76	16.19	809.A6	833.53	829,39	201.
35	Stores (34) Textiles (15) OTHER GROUPS (93)	539.47	+0.4	12.65	5.38	19.85	14.97		538.76	50.39	
40	OTHER GROUPS (93)	1116.57	+8.4	18.22	4.21	11.96	14.44		1131.07		
41	Agencies (17)	11374.54	-0.5	7.31	2.37	16.94	15.02		1407.60		
42	Chemicals (22)	1282.67	+4.4	11.11	4.65	18.61	26.60		1291.78	1317.46	
43	Chemicals (22)	12646.53	+0.7	10.23	4.95	11.52	26.22		1636.58 2465.46	1667.61	
45	Transport (13)	2452.32	+0.6	8.73	3.68	14.87	39.22	2437.98 1042.51	1092.89	2482.67	
4/	Telephone Networks (2)	100231	+0.1	11.73 9.58	4.67 3.58	11.84	2.74 23.85	1651.86	1674.38	1672.02	
	INDUSTRIAL GROUP (486)		+8.5	7.89	3.96	12.47	17.33		1156.95	1168.21	_
51	Oil & Gas (14)		+1.5	9.98	5.25	13.32	52.03	2098.35	2122.61	2155.12	1803.
59	500 SHARE INDEX (500)	1231.31	+0.7	9.91	4.13	12.58	25.19	1223.34	1238.59	1251.62	1847.
1	FINANCIAL GROUP (124)	729.69	+0.8	-	5.40	_	17.86	724.17	732.58	741.91	715.
2	Banks (8)	714.97	+0.7	24.63	6.70	5.33	21.71	712.31	725.60	742.51	
5	Insurance (1 He) (8)	J1068.32	+2.7		5.59	-	29.86				
56	Insurance (Composite) (7)	573.76	+0.8	\ - \	6.27	-	16.75		578.65	384.54	
7	Insurance (Composite) (7) Insurance (Brokers) (7) Merchant Banks (11)	766.35	+1.1	7.81	6.49	17.21	31.63		978,78	104.35	
58	Merchant Banks (11)	333.07	-83		4.67		7.34		334.41	335.17	355
9	Property (52)	250.23	+0.7	6.38	2.93	19.99	16.19	1294.15	1382,00 357,00	1314.99 356.47	
<u> </u>	Other Financial (31)	230./3	+0.4		6.88	11.01	8.57	357.37			_
71	Investment Trusts (69)	1170.76	+0.6		2.63		14.72		1152.78	1147.84	
33.	Mining Finance (2) Overseas Traders (8)	1324 52	-0.3 +0.6	8.78 11.27	5.91 5.59	12.68	19.45	658.47 1518.54			
<u>91</u>	ALL-SHARE INDEX (703)	1108.83	+0.6	14.41	4.28	74.40	19.41		1114.89		_
"	ALL-SIVILE HOUSE IV 407 IIII	Index	Day's	Day's	Day's	Jee	Jus	Jan	Ja	Jen	Yes
		Ho.	Change	High (a)	Low (b)	30	29	28	27	26	162
_	FT-SE 100 SHARE INDEX#			2167.0				2209.4			_

FIX	ED I	NTE	REST	r			AVERAGE GROSS REDEMPTION YIELDS			Fri Jun 30	Year ago (approx
PRICE INDICES	Mon Jul 3	Day's change %	Fri Jun 30	xd adj. today	xd ad). 1989 to date	1 2 3	Coupons 15 y		19.65	10.07	9.5 9.5 9.3
5-15 years Over 15 years Irredeemables	117.37 131.56 142.77	+0.58 +0.67 +0.87	117.05 130.80 141.82 163.16 129.04	<u>-</u>	6.18 6.96 7.09 7.32 6.81	7 8	Medium 5 y Compons 15 y 25) High 5 y Coupons 15 y 25)		9.25 19.85 9.88 9.45 19.98 10.99 9.64 9.28	9.53 10.97 9.96 9.53 11.09 10.18 9.72 9.37	19.0 9.7 9.5 10.0 9.9 9.6
Index-Linked 5 years	136.41 134.24 134.29	+0.26	136.05 133.72 133.78	-	1.36 1.88 2.82	13 14	Index-Linked inflation rate 5% inflation rate 5% inflation rate 10% inflation rate 10% Debs &	Syrs. Over 5 yrs. 5 yrs. Over 5 yrs.	3.77 3.71 3.00 3.54	3.84 3.73 3.07 3.56	2.7. 3.8 1.7. 3.7.
Debentares & Lagua .			112.88	_		16	Loans	15 years 25 years	11.65	11.49	10.9
Preference	87.75	+0.23	87.64	0.09	3.20	18	Preference	-	19.29	10.32	9.5

4Derning Index 2154.9; 10 am 2159.4; 11 am 2160.b; Room 2162.7; 1 pm 2163.7; 2 pm 2164.8; 3 pm 2162.9; 3 30 pm 2163.3; 4 pm 2164.9

11. 27 am (b) 9.00 sm t Flat yield. Vigots and lows record, base dates, values and constituent changes are published in Saturday Issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1.9HL, price 15a, by post 34p, CONSTITUENT CHANGES: UEI (5) has been deleted and replaced by Bardon Group (2). MAMIE CHANGES: Sun Alliance & London Insurance (66) has CONSTITUENT CHANGES: UEI (5) has been deleted and replaced by Bardon Group (2). MAMIE CHANGES: Sun Alliance & London Insurance (66) has

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RISES AP	ID FAL	LS YEST	ERDAY	
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LONDON TRADED OPTIONS

DEALINGS overall on the London Traded Options Market yesterday were modest in total, but Boots the eartler September, latest 91 contracts to 2,682 is excluded. were motest in total, but thous caught attention on the back of its ofter for Ward White, as Boots' underlying price fell 21 points on the day to 269p, with market conket, the fixed interest rate market, the relationship of the UK with the EMS and allied factors combined in the decision to introduce a loncern apparent about the relative worth of the two companies. Total business in the options market came to no more than 30.256 contracts, consisting of

The traded options market interest might have ended with the Boots' business, had it not been for the extension of options contracts in the FT-SE 100 index

ger interest rate option. In the event, there was little immediate response. There were 900 contracts traded in the October 2150 calls, all opening, and not a jot else besides. other besides.

The index recovered 14.6 points on the day to 2,165.6, helped by sterling regaining some ground, and by some softening of UK interest rates. Take away the October calls in the index and there were few feetures it 1.025.

there were few features, if 1,025 contracts in the July 2,260 calls bringing an opening of interest of

expliry. It seems clear that the Piessey caught ettention, adeliast the background of the idea that the GEC/Slemens might be dismantled. It attract 1,588 contracts, comprised of 377 calls and 1,211 puts. There was being shown in any series. cks recently moved towards the private sector ettracted a

good deal of the day's business, with British Steel seeing 1,941 contracts, made up of 890 calls and 1,081 puts; British Petroleum 1.775 contracts, consisting of ish Telecom 1.696 contracts. Other stocks to attract options tention were Scotlish & Newcastie, BTR and BAT industries.

										2111		г.	PUIS	
	34	4		Jel	1913 Oct	Jos	Option		Jel.	Sep	The	34	3 49	Men
140	15 64	27	26 16	16	17	8 18	ASDA 612. (*179)	160	25	28 14	\$2 18	7	3½ 10	45 12
347 377	12	28	72	7	13	19	(*238.)	220 246	20	20 5	21 5	6	6	12
	_					_	Option	_	54	Dep	ib,	94	Per	
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500 900 600	97 47 15	115	129 83 52	16 16	1	3 12 27	(°446)	420 460	35 12	50 26	64 35	26	26	14 34
250 500 330	-	92	62	16	6	8	Blue Circle ("513)	460 500 500	68 38 14	30	66	19 48	22 50	24
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EINANCIAL TRACE TO THE AND A COMMENT

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The most quotable initials in the world: now on the Paris Stock Exchange, on July 6, 1989.

Issue price: FF 853 per share

MESSAINMAURENT

UK COMPANY NEWS

Profits expand by 15% to £35m but caution given on year results

FNFC in line with expectations

FIRST NATIONAL Finance Corporation, a company which straddles residential property development and consumer credit and thus could be expec-ted to suffer from Mr Nigel Lawson's anti-inflation tactics, yesterday reported a 15 per cent increase in pre-tax profits for the six months to the end

of April this year.
Profits for the balf-year climbed from £30.54m to £35.08m, in line with City expectations. But the shares slipped against the trend of the market, mainly because of a cautious statement from the company to the effect that prevailing economic condi-tions [were] not conductive to achieving equivalent growth for the full year".

Mr Richard Lengdon, chair-

interest rates, particularly on the residential housing market,

were blamed by Hogg Robin-son for a fall into losses in the second half of the year ended

At six months, the travel, transport, financial and prop-erty services group reported an

increase in pre-tax profits to £9.51m (£8.09m) but the full

year showed a 55 per cent fall

from £11.04m to £5m.

Much of the downturn was

Beckenham &int

Carron Phoenix §int Embassy Prop §lin

Stirling Groupfin

Brown & Tawse

DIVIDENDS ANNOUNCED

Aug 21

Aug 23

Aug 14 Aug 14 Aug 24

Oct 2

would be down on the £68.7m made in the year to the end of October 1988. It was just that the 15 per cent advance over the first half was not indicative of the rate of growth for the year as a whole, he said. Nev-ertheless, the shares dropped 4p to 234p.

Mr Langdon was smphatic that the company's business was counter-cyclical, insofar as some aspects would do well in an era of high interest rates. while others would do not so well. He pointed to the performance in the consumer credit division, where profits went up from £20.3m to £23.37m despite the surging cost of money. The chairman explained that

achieving equivalent growth for the full year".

Mr Richard Langdon, chairman, stressed that this did not mean that FNFC's profits

The coarman explained that this can been a dramatic reduction in the volume of "first mortgage" business: where before FNFC might have lent £4m a week it was now

THE EFFECTS of rising attributed to property services profits of £2.96m (£2.3m). Com-

where interim operating profits of £1.7m turned into a full-year

loss of £2.2m. Directors said confidence in the market had been tacking since October and residential sales had fallen by

up to 50 per cent.
Towards the end of the year

Hogy sold 60 per cent of the division to Sun Alliance, the

insurance group.
Other divisions remained in profit with the transport section achieving record operating

Corres - Total ponding for dividend year

Total last year

lending only half that. (First mortgages describe all home-loans when the lender has first charge over the house, not just loans to first time-buyers).

But this was offset by second mortgage bosiness, where FNFC is a UK market leader and in loans for home improvement. In both cases, volumes were np over the period, reflecting a trend toward debt consolidation on the part of those who have borrowed too much on credit cards a tendency to npgrade existing accommodation rather than move up the property ladder as in the past.

FNFC's property division — evenly split between residen-tial and commercial reported profits up from £6.17m to £6.72m, with 70 or so house sales completed. FNFC said that — contrary to expecta-

mercial air freight showed

excellent growth, directors said, and the acquisition of Cargoways had added to its

presence in this area.

Profits in the travel division

fell to 23m (26.7m). This was mainly due to a decline in the

package holiday market caused by the squeeze on disposable income. In addition, financial services did not fulfil early tions - prices and demand for residential properties had held up over the first half, although it looked unlikely that sales for the year would equal the 300

sold in 1987-88.
Commercial lending —
mainly to small and mediumsized public companies increased profits from £5.74m to £7.12m. FNFC said that the figure had benefited from higher interest rates, and that there was no apparent faltering of demand.

There was a £235,000 contribution from insurance broking whilst central interest costs rose from £1.68m to £2.36m. Earnings per share (fully diluted) climbed by 8.5 per cant from 13.8p to 14.9p, reflecting a tax charge up from 57.5m to £10m. The interim dividend is 4.5p, up from 3.5p. See Lex

Profits fall 55% to £5m at Hogg Robinson

Turnover for the year rose 14 per cent to £99.46m (£86.84m) and after a tax charge of £2.06m (£3.84m) earnings per share came out at 4.28p (12p). A maintained final dividend

of 27p is being recommended for a raised total of 4.7p (4.5p). There was an extraordinary profit of 2550,000 (51.2m debit) relating to the sale of five branches of the property ser-

vices chain. Hogg's shares lost ip on the day to close at 148p.

promise and profits fell to Scottish & Newcastle questioned on Thistle

By Ray Bashford

THE STOCK Exchange yesterday contacted Scottish & Newcastle Breweries following several reports that the company was attempting to dispose of the Thistle hotel chain. Mr Alick Rankin, S&N's chief executive, declined to comment on the reports but confirmed that the Stock Exchange had made inquiries in an attempt to clarify the sit-uation after two weeks of spec-Dividends shown pence per share net except where otherwise stated. "Equivalent after allowing for scrip issue, tOn capital increased by rights and/or acquisition issues, \$USM stock. \$\$Unquoted stock. \$Third market, #For 15 months, #Gross.

The company is expected to announce details today both of the planned Thistle deal and also another move into the lei-

Danae Investment

31 1989. Earnings per share were 7.29p (6.36p) and the final dividend 4.125p (3.75p) making a total of 7.125p (6.305p).

sure industry through the pur-chase of a controlling stake in Center Parcs, a Dutch leisure park operator. S&N has timed the Dutch deal to coincide with the announcement of its

Danae Investment Trust made nst revenus of £514,044 (£446,121) for the year to May

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Carclo up to £9.17m but warns on margins

By Vanessa Houlder

CARCLO ENGINEERING yesterday announced a 13 per cent rise in pre-tax profits from £8.12m to £9.17m for the year to March 81.

Mr John Ewart, chairman, said that the current order book was similar to that of a year ago. However, he warned that profit margins had begun to reflect a more competitive environment which was making it difficult to pass higher costs onto customers.
In addition, SSAP 24 would

increase the pension charge by about 21.4m in the current year, he said, depressing pre-tax profits by that amount. Carcho's star performer was card clothing which increased profits 43 per cent to £3.66m as a result of improved manufacturing methods and good worldwide demand.

Profits in the wire division fell 11 per cent to £1.82m as a result of a first half loss at Bruntons due to a delay in obtaining replacement parts. The loss was more than offset by a return to profit in the

second helf.

General engineering also increased profits by 11 per cent, to £1.83m, although margins dropped as a result of the higher copper price.

The Woodhead division had flat profits of £2.66m, as a generally strong performance was offset by a move into loss by RSR, a vehicle replacement parts hushness. RSR's future is under review, said Mr Ewart.

Turnover increased from Turnover increased from £101.92m to £108.78m. Earnings per share rose to 15.5p (13.5p). A recommended final dividend of 4.55p gives a total

of 5.9p (4.7p). @ COMMENT

Carcle has an upbill task this year. The economic uncertainty threatens to put pressure on its margins at the same time as it has to contend with SSAP 24 alicing pre-tax profits. Furthermore, having superand such an axcellant squeezed such an excellent result out of its mature cardclothing business, further efficiency advances may be harder to schieve. Thus, although Carclo has strong cash flow and a good spread of high margin businesses, it is hard to be enthusiastic about the shares. Analysis are esti-mating profits of about £8m making profits of about 28m this year, which would return Carclo to 1988-style earnings of 13.5p per share. That would put the shares — which yesterday continued this year's downward trend by falling 8p to 139p - on a p/e of 10. At that level, there may be better value elsewhere, although any downside should be limited by a prospective yield of over 6

Steetley takes Callet for £40m

Steetley, the UK aggregates company, is to buy 75 per cent of the Callet group, a family-owned French quarrying and ready mixed concrete business, for FFr407m(£39.53m). The acquisition will rein-The acquisition will reinforce the position of Steelley's French subsidiary Garon as the country's largest aggregates company. It coincides with a £20.7m share placing on the French market.

Mr David Donne, Steetley's chairman, said his company had been expanding rapidly in France over the last five years, and placing 4.75m shares at 436p demonstrated his commitment to the market.

mitment to the market. Callet has interests in 29 quarties, 17 ready mixed con-crete plants, six coated road-stone works and five prefahri-

cated concrete works.
Mr Richard Miles, Steetley's mr Richard Miles, Steeliey's managing director, said that the acquisition mads his group, which had been neck and neck with Ciments Francais, decisively the largest aggregates producer in France.

Callet made net profits of FFr19.2m last year on sales of FFr510.5m, and its net asset value is estimated at FFr90.7m. Steetley is deferring payment of FFr100m of the purchase price for one year.

Plessey shares drop as hostile GEC/Siemens takeover falters By Terry Dodsworth, Industrial Editor

many.

The Plessey statement confirmed that talks had begun with the hidding consortium over a possible compromise that would involve the sale of at present on a twin track, its 50 per cent holding in GPT, the telecommunications manufacturing group which it owns facturing group which it owns the Government over the terms

which the GEC/Siemens con-sortium last bought stock in Although the Ministry of the market. GEC's shares Defence, the main negotiating

shares in Plessey, the UK dipped by 15p to 253.5p.

electronics group, fell sharply
yesterday when the company
indicated that it might win its
long period in which the share
dogged eight-month battle
against the hostile takeover
in expectation of an offer substantially above that figure,
there was a great deal of confumany.

The Placear extrement conout the day.

the telecommunications mannfacturing group which it owns
jointly with GEC. Proposals on
such a deal might be ready
later this week.

The statement, along with
confirmation from Siemens
that it was involved in the discussions, sent the Plessey
share price in a downward spiral as investors took a more
pessimistic view over the possibility of a bid.

At the close of trading, Plessey's shares stood at 236p,
down 17p on the day, and well
below the price of 245p at
which the GEC/Siemens consortium last bought stock in

Although the Ministry of

partner for the consortium, has adopted a rough line on the undertakings, there is a strong possibility that it could have firm proposals on an agreement with the bidding consortium this week or part tium this week or next.

If these were acceptable to GEC/Siemens, their preferred option would be to make a full

bid for Plessey.

Nevertheless, Plessey executives indicated yesterday that the talks with GEC were going ahead smoothly in an amicable atmosphere, and there was a approximately more of continuous. pronounced mood of optimism

pronounced mood of optimism in the Plessey camp about the possibility of a deal. The MoD is also believed to prefer jettisoning the proposed takeover in favour of building another strong defence company in Britain to compete with GEC's Marconi subsidiary. In the past the Ministry has talked of creating "twin pillars" that would be capable of providing effective competition within the UK defence industry, while large enough to push through constructive alliances with overseas defence ances with overseas defence

the general state of the economy. B&T has not yet seen any

downturn in its supplies to the construction and manufactur-ing industries; indeed sales are

corrently buoyant and ahead

Brown & Tawse boosted 28%

By John Thombill

THE REVIVING tortunes of British Steel helped Brown & Tawee Group, the distributor of steel and pipeline products, record a 28 per cent increase in pre-tax profits from \$7.52m to £9.6m for the year to March \$1. B&T said it derived great satisfaction and benefit from

British Steel's technological md financial recovery, as it is B&T's largest single supplier of steel tubes, stainless steel and structural sections.

Mr Gilbert Black, chairman, said: "Our trading relationship with such a leading world producer can only servs to strengthen our market posi-

B&T experienced strong demand throughout the year across its product range, but especially for its steel stockholding and stainless steel products.

Turnover grew 17 per cent to £165.49m (£141.59m) but a 48 per cent rise in interest pay-ments to £1.87m (£1.26m) dampned further profit growth.

Gilbert says B&T is in the lap
in order to manage its wider of whatever gods determine ened further profit growth.

range of activities, the group has strengthened its board structure and split its businesses into two divisions -Brown & Tawse Ltd and special products

Brown & Tawse Ltd contribnted operating profits of £6.28m (£4.77m) on turnover of £112.99m (£100.51m). The special products division saw a similar rate of expansion in similar rate of expansion in operating profits, recording £5.19m (£4.01m) on turnover of £52.5m (£41.09m).

In April this year, B&T bought Jay Fasteners, a distributor of bolts, nuts, screws and specialist fasteners, for

19.7m, and said it wanted to expand further in this market. A proposed final dividend of 6.65p brings payments for the year to 9.5p (8p). Earnings per share rose 27 per cent to 21.6p

£35m convertible issue. On conversion, these shares would dilute the board's holding of A

shares to a minority.

According to GWR, the fall in profits was largely the result of a pricing dispute concerning

one of its coal contracts and a fall in exceptional contribu-tions from \$2.02m, to \$254,000.

Mr Pena said that the dis-pute, which had meant a \$13 per ton fall in the price of coal

in one of its three main con-tracts, was subject to litiga-tion. He was confident a higher

contract price would result.

contract price would result.

During the period, the company sold its Blnebell-Altamont oil and gas field in Utah for \$24m boosting cash balances to \$40m. The \$11m surplus is expected to be taken as an exceptional item in the second half.

Mr Pena said GWR expected a favourable year-end result. The interim dividend was therefore unchanged at 2p gross for the A shares and 2.3p for the B.

COMMENT Last year saw steady growth and improving margins, but Mr

of last year's figures. It may be that the economic slowdown, which has already afflicted the retail sector, has not fed its way through to heavy manu-facturing industries, or it could be that such industries will yet prove to be immune to any tightening. But a degree of cau-tion about the continued buoyancy of B&T's markets in the longer term is justified. Never-theless, this year, Jay Fasten-ers will help boost profits and other acquisitions may yet be in the offing, although the increased number of shares issued to pay for Jay may slow earnings growth to some extent. Pre-tax profits of abouts12.5m look in sight, putting B&T on a prospective mul-tiple of about 9. That probably represents a reasonable evaluation of B&T's prospects for the forseeable future.

Great Western Res chief | US bids for receives offer for shares

By John Ridding

MR DAN Pena, chairman of Great Western Resources, the US-hased coal, of and gas company listed in London, has received an offer for the 43.5 m convertible issue. On couper cent of GWR's voting shares which be controls. shares which he controls.

He described the offer from

Mr Lawrence Hockey-Sweensy, chairman of Aviva Petroleum, which he claimed had been which he claimed had been priced at 160p per share, as wholly inadequate. Yesterday, GWR's shares rose 35p to 145p. The offer coincided with the announcement of a sharp fall in pre-tax profits at GWR, from \$7.4m (24.8m) to \$1.7m for the six months to March \$1.

Mr Hockey-Sweeney confirmed that he had met Mr Pena and had made an offer

Pens and had made an offer but at a price less than the 160p per share quoted by Mr He said that Aviva, which he

took over at the end of 1968, and which earlier this year bonght Viking Resources Trust, was "in good financial shape and definitely looking for acquisitions". But he said no general offer had been made to GWR holders. GWR's board holds a major-

Reed Intl raises borrowing limits

Reed International, the printing and publishing group, is proposing to increase its borrowing limits by about twothirds to ease financial restric-tions on further acquisitions. It is asking shareholders to change its articles of association to raise the maximum level of borrowings from 1% to

2½ times share capital and

2½ times share capital and reserves.

Reed also proposes to change its definition of share capital and reserves by writing back part of the goodwill it has written off on acquisitions, and to allow cash deposits to be set against gross borrowings in determining borrowing levels.

Rabone intensify

STANLEY WORKS, the UK subsidiary of the US tools and hardware group, appears to have edged ahead of Cooper Industries, another US tools company, in the protracted competition to buy Rabone Chesterman, a subsidiary of Bardsey, the hand tool manufacturer and distributor

Bardsey shareholders voted at last Friday's EGM to accept the bid from Stanley Works. even though at £8.5m, it is £1m

lower than Cooper's offer.

The reason lies in a complex legal battle between the two US companies which has resulted in courts serving both with restraining orders on

with restraining orders on anti-trust grounds.
Stanley Works seems, however, to believe that it will be successful in appealing against its restraining order and has committed itself to the purchase. Should the order not be lifted by July 13, the bid will remain uncompleted and its remain uncompleted and it would be open to proceedings for compensation from Bard-

by compensation from Bardsey.

Unlike Stanley Works, Cooper has never had a signed agreement with Bardsey concerning the sale of Rabone Chesterman and although it appealed successfully against one restraining order it has been served with another.

Bardsey said yesterday that "legal proceedings between Stanley and Cooper continue and may yet affect the outcome of events."

Newgateway attacks rival on acceptances

THE TEMPERATURE in the hotly contested bid battle for control of Gateway cooled a litthe yesterday, as Wasserstein Perella and Great Atlantic & Pacific Tes Company, the US bidders, refrained from buying shares in the UK food retailer.

Instead they concentrated on attacking the level of acceptances notched up by its rival

Newgateway, the US bid vehicle, initially noted "slipping support" for its rival, and said that Isosceles, having claimed to speak for nearly 45 per cent, now owned or had acceptances for 41.7 per cent. This was later corrected. In addition, parties acting in concert with Isosceles manage, on a discretionary basis, another

2.4 per cent not yet assented to the effer. Newgateway added a plea to these funds' trustees: if they felt its 242p-a-share cash offer was superior and if the management agreement permitted, they should instruct the man-

agers to take the US offer. isosceles is offering 230p a share in cash, but has a cash-and paper alternative. If a Salo-mon Brothers' valuation of the paper element (undertaken for isosceles) is accepted, this version is worth 245p to 250p, of which cash accounts for 215p.

Further details of the WP/

A&P offer went on display. Under a management agreement, A&P would take on the preparation of budgets, operating and similar plans for the

would become payable to A&P.
The coupon on the £281m of junior subordinated debentures for which A&P is subscribing in Newgateway Holdings, is revealed to be 17% per cent.
Covenants between WP/A&P and its bankers — which are putting up £1.85hn of loan facilities — give few clues about the expected progress of the company. Newgateway has not set out some covenants, includ-

Gateway chain. For the first three years, it would be reimbursed for out-of-pocket expenses and for the services provided by Mr Jim Wood, A&P's chief executive, and other A&P smployees. From the fourth anniversary of the purchase of Gateway shares, an annual cash fee of \$2m would become payable to A&P.

The compon on the £28um of the service about interest cover, on the grounds that they are commercially sensitive.

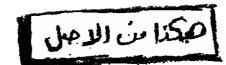
Those that are revealed show that WP/A&P has covenate that the trading margin based on profits before interest and tax but after depreciation — will rise from at least 5 per cent in the year to April 1990 to 7.7 per cent in 1993/4 and thereafter it has also set as on the grounds that they are commercially sensitive.

Those that are revealed show that WP/A&P has covenanted that the trading margin – based on profits before interest and tax but after deprecianting – will vice from a bleast film. per cent in the year to April 1990 to 7.7 per cent in 1993/4 and thereafter. It has also set a capital expenditure limit of Eaptral expenditure limit of £55m in 1989/90, but this rises to £95m in 1990/91, and then increases steadily from £75m to £100m in the next five years.

Today, meanwhile, will see the formal approximant of

the formal announcement of Gateway's figures for the year to April 29. They have already been forecast in detail as part of the group's defence,

المكذا من الاجل



UK COMPANY NEWS

Possible £51m offer for Prestwich

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PRESTWICH HOLDINGS, the video cassette and compact disc group, is back in talks over a possible £51.3m offer for the company, six months after ending discussions about a management buy-out.

management buy-out.

This time it is talking to a consortium led by Mr Mike Campbell, managing director of Strand Magnetics, Prestwich's video duplication and publishing subsidiary. Any offer would be made at 140p a share

share. Prestwich said it had issued yesterday's announcement of discussions because of the recent movement in the

group's share price.

The shares stood at 113p at the beginning of last week and have since risen to 122p, climbing another 8p on yesterday's news to close at 130p.

Kleinwort Benson, the group's advicer said the best had not be group to be group t group's adviser, said it had not yet decided whether to ask for a stock exchange inquiry into

share dealings. Triplex makes components sale to Delta for £3m By Richard Tomkins,

Midlands Correspondent Ownership of Brass & Alloy Pressings, a Birmingham-based manufacturer of non-fer-rous components, has pessed from one Midlands company to another with Triplex Lloyd's sale of the business to Delta

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DAZON.

B&A supplies components for the aircraft industry, oil and gas, and general mechanical engineering. It made pre-tax profits of £236,000 on sales of £3.9m in the last nine

Triplex, a fast-growing foundries and engineering group, acquired the business less than six mouths ago as part of the quoted Christy Hant group, which it bought

for £34m in January. However, Mr Jim Doel, Triplex's chief executive, said yesterday that B&A did not fit

in with company strategy. Delta, the electrical equipment, engineering and indus-trial services group, said the acquisition would fit in with its existing British and American components companies and increase the group's inter-national strength in non-lerrous forging.

Prestwich started discussions about a buy-out in Sep-tember, with a team led by Mr Philip Keane, a director. The group was dissatisfied with its stock market rating and - like Dwek Group, Virgin Group and Glass Glover before it — decided to take the company

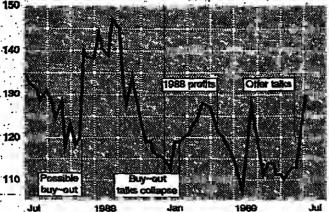
Those talks ended in January: at the time, Mr Paul Levinson, Prestwich's chairman, said discussions had gone on too long, as interest rates increased making a deal more

Prestwich directors were unavailable to comment on yesterday's statement, but it is thought an offer from Mr Campbell'e consortium would take the company private.

Prestwich has recently sold various properties and its character merchandising business in order to concentrate on core

operations of video cassette duplication and compact disc publishing:

Prestwich Holdings Share price (pence)



In March the company announced a marginal improvement in pre-tax profits for the six months to end-De-

profits of £710,000 on a prop-erty sale. In 1987-88, Prestwich made profits of25.58m before

Canadian investor increases holding in Asda to 4.53%

ASDA, Britain's fifth largest food retailer, yesterday announced the First City Financial Corporation has again raised its stake in the

company, to 4.53 per cent.
First City, a Vancouver-based investment company controlled by the Belzberg famthe control of the co 2.55 per cent of Asda in mid-May. By early June, the stake had topped 3.7 per cent. Asda says that the latest increase results from replies to notices sent out under section 212 of the Companies Act - which allows companies to find out the beneficial owners of their

There has since been one resentatives from First City,

but little indication of the Canadians' ultimate intentions. Despite various market rumours, Asda said it had not seen any other suspicious movement in its share register. Shares in the company -which is indirectly involved in the current tussle over Gateway, as the prospective buyer of Gateway's superstores should Isosceles win - were 2p

higher at 179p yesterday.

Board changes at Armstrong

ARMSTRONG EQUIPMENT, industrial fasteners and engi-neering company in which Mr Swraj Paul's Caparo Group has recently increased its stake to 29.6 per cent, yesterday announced a number of board

Mr Chris Davies, previously managing director of the fas-tenings division, is joining the main board as executive director responsible for UK

This move is in line with the fact that fastenings now consti-tute the bulk of the business of Armstrong following the sale of the UK shock absorbers side, the original core of the com-

Additionally, two non-execu-tive directors, Mr G. Frank Cole and Mr Dennis Layne are retiring. They have both reached the age of 70. An Armstrong spokesman said there had been no contact

with Caparo Group, the invest-ment vehicle for Mr Paul, who chairs the engineering company Caparo Industries, since the announcement last Tues-day its stake had risen from 20.1 per cent. This triggered market hopes a takeover bid might be mounted.

Mr John Pratt, Armstrong's finance director, is now on hol-iday. The Armstrong spokesman said he understood Mr Paul was away also.

SeaCon Bermudan legal battle delayed

By Andrew HIN

STRNA AND TIPHOOK'S Bermudan legal battle with See Containers, the ferry and container group, has been adjourned until Thursday.

adjourned until Thursday.

The Bermuda Supreme Court was due to begin hearing the preliminary legal issues of the case yesterday.

Stems, a Swedish farry operator, and Tiphook, the UK container rental company, are offering \$824m for Sea Containers, which is registered in Bermuda.

The court is being seked to

Bermuda.

The court is being asked to decide whether Sea Containers broke Bermuda law by allowing its subsidiaries to buy about 20 per cent of the parent's shares in March and April. It will also consider the legality under Bermudan law of Sea Containers' "poison pill" shareholder rights plan.

If the supreme court's decision on the legal issues is inconclusive then the judge will have to hear further evidence from both sides. Should

win nave to hear further evidence from both sides. Should the court favour the Anglo-Swedish predators the subsidiaries' purchases could be nullified, frozen or reversed.

The hostile bid has been priended in New York until

extended in New York until midnight on July 14.

Pathfinders makes £0.5m

Pathfinders Group, specialist recruitment agency, reported pre-tax profits of £503,000 in the year to March 31. This is an 18 per cent increase on the £426,000 achieved in a 15month period to the end of March 1988. Turnover at this USM-quoted company rose to £2.02m, against £1.73m. After tax had taken £175,000

(£153,000), earnings worked through at 1.37p (1.14p) per share. The directors have pro-posed a final dividend of 6.4p to make a 0.7p (0.292p) total. Mr Stephen Worth, chair-man, said that trading had generally been buoyant throughout the year although there had been a slowdown in the second half as raised inter-est rates led to cutbacks in

staffing levels.

the tender to prevent the share price being destabilised by sales in the market. Moreover, some of the family members in question intended to expand

mitments not to tender their

shares, all other tenders will be

Newarthill said it was using

Newarthill may buy in 25.2%

shares through tender offer

met in full.

could cost the group nearly In the market, Newarthill's ordinary shares rose 355p to close at £23.80. their commercial property investment and development The tender will allow certain interests independent of the members of the controlling McAlpine family to realise group.
Proceeds from shares which

their 8.3 per cent holding of Newarthill's issued equity capi-tal, which embraces both the are tendered direct to the company will not be liable to capi-tal gains tax, but will be treated as dividends. If all eligiordinary shares and unquoted ble chares were tendered, Newarthill would have to pay Because McAlpine family members holding 74.8 per cent of the equity have given commore than £101m to the share-holders, plus a third as much again in advance corporation tax. It said all of the ACT so incurred should be recoverable against main-

Although many UK compa-nies have bought their own shares in the market, Newarthill is only the second to use the tender method International Business Communications (Holdings), the newsletter and conferences group, pio-neered it earlier this year by buying in 40 per cent of its

Preference shareholders nust approve the plan, and Newarthill is proposing to raise the net dividend on these shares from 5.775 to 6.775 per

FSM profits soar to £14.15m

SHARES IN Ford Sellar Morris Properties rose Sp to 116p yes-terday after taxable profits at the property development and investment group soared to fil4.15m in the year to April 30. This result compares with the £3.5m the USM-quoted company made in the 15 months to end-April 1988. Turnover raced ahead from £16.49m to

NEWARTHILL, the quoted

holding company for the civil engineer Sir Robert McAlpine & Son, is offering to buy in up

to 25.2 per cent of its shares at

£24 each, an exercise which

£82.88m. In the year net assets jumped from 50p to 122p per share and total property assets rose from £76m to £103m, an

ncrease of 36 per cent. Mr Irvine Sellar, chairman,

said that development activi-ties had made a major contri-bution to the profits figure and added that FSM had a strong amounted to £3.21m (£241,000) and Mr Sellar said that there was further scope for increases within the portfolio in the comforward programme of about 2m sq ft which would form the ing year.
Operating expenses rose a

an sq it which would form the base for profits in the current and subsequent years.

In June the company announced the proposed acquisition of fellow property group Brookmount. The agreed cash offer values the latter at £84m. This represents a significant expansion for FSM which is capitalised at just £46m. Net rental income from investment properties

little to £2.75m (£2.54m), while interest payable totalled £2.09m (receivable £121,000) and there was no share of prof its from related companies (£172,000). Tax was doubled at £3,11m,

leaving earnings boosted three-fold to 25.98p (8.42p). A pro-posed final dividend of 3.5p (1.5p) will make 5p (2.5p) for the year.

Lopex forges

All That Jazz directors snub Leslie Wise deal

By John Thornhill

LESLIE WISE Group, a textile company, has been unable to buy women's wear manufac-turer All That Jazz after its directors changed their minds about the proposed

All That Jazz - a private company - was not prepared to explain why its three directors had reversed their earlier deci-

In May, Leslie Wise announced that it had reached an agreement to buy All That Jazz subject to contract and Yugoslav link Alliance International, the advertising arm of Lopex, the

communications group, has formed a trading link with Stuaccountant's report. It had dio Marketing Delo, Yugo-slavia's largest advertising company, writes John Ridding. Under the deal, SMD will agreed to pay £2.6m with a further profit-related deferred payment of up to £1.25m. Leslie Wise said at the time have exclusive rights to the Yugoslavian business of Allithat one of the directors of All That Jazz would stay with the

ance's western clients and in return Alliance will receive company and the other two would depart on completion of business from any SMD clients the acquisition.
Mr Leslie Wise, the chairman, said yesterday: "We are still looking for further acquisitions and there are a number of irons in the fire." seeking to advertise outside Yugoslavia. The state ownership of Yugoslavian companies meant that

Alliance was unable to pur-chase an equity stake in SMD.

Farepak ... advances **

to £2.26m By Edward Sussman

FAREPAK, the mail order group and contract food pro-cessor, increased profits before tax and non-recurring items from £1.71m to £2.26m in the

from £1.71m to £2.26m in the year to April 30 - its madden result since flotation on the USM in January.

Mr Boh Johnson, chairman and owner of 80 per cent of Farepak's equity, said the company continued to push outside its traditional base of Christmas food hampers, paid for in weekly instalments by about 250,000 customers. Other mail corder items being sold include order items being sold include jewellery and radio equipment. Turnover rose 11 per cent to £30.5m (£27.8m).

130.5m (£27.8m).

The company declined to break down turnover or profit between food and non-food related items. At the time of flotation, however, the company said non-food items accounted for about 17 per cent

of sales.

Farenak is near to buying a small-sized company whose business is close to its existing activities. Mr. Tohnson said. and several other acquisitions

and several other acquisitions are being considered.

The chairman added that a replacement has already been arranged for Mr Brian Bearman, formerly distribution director, who resigned last Friday to pursue his own business activities, after 20 years with Earenek. Farepak.

Earnings per share increased 27 per cent to 13.3p (10.5p) and a first time dividend of 1.575p

IMI sells offshoot to management

IMI, the Birmingham-based industrial group, has sold its IMI Mouldings subsidiary to its management for an undisclosed sum. Net asset value of the offshoot is put at

The company's three main businesses are plastic injection moulding, the manufacture of plastic laps, and distribution of DIY plumbing components: It will now be called Opella Mouldings.

IMI said the subsidiary was its last remaining plastics busi-ness following the sale of York-ahire Imperial Plastics Last year, and it did not it easily with the group's main business

Delyn makes first move into Europe

Delyn Packaging, a Weish-based supplier of plastic packaging for food, has made its first move into Europe with the acquisition of Les Plastiques du Detroit, a plastic packaging company based one mile from the French end of the proposed Channel Tunnel.

posed Channel Tunnel.

The purchase price is FFr
4.5m (£436,000) and Delyn is
also taking on Les Plastiques'
FFr 650,000 of debt. To finance ths deal, Delyn is issuing 516,124 shares which have been placed with institutional investors at 850.

EHP relocates its Scholl operations

Buropean Home Products, the UK-based retail and distribution group, has sold it's Scholl factory, export warehouse and offices for £15.1m as part of a plan to move warehousing and manufacturing operations out of Greater London.

The operations will be relocated in Luton and the east Midlands in keeping with a decision taken in mid-1987.

The sites which have been

The sites which have been sold had a book value of £1.5m. Relocation costs are expected to reach £4m.

Gillibrand seeks Chloride election

Dr Maurice Gillibrand, a former research director of Chloride Group and a long-time critic of the battery company's management, is to seek election to its board at the armuel meeting on talk 24 h annual meeting on July 24. It will be his fourth attempt.
He was defeated on a show of hands in 1984 and 1986, and won only 5 per cent of the vote in a 1985 poll.

Core businesses boost for Syltone

Strong performances and improved sales in all core businesses help lift pre-tax profits at Syltone, the Bradford-hased engineer, in the year to end-March 1989. On turnover up from £24.73m to £29.74m, profits expanded 26 per cent to £2.09m (£1.66m). The directors said that the closure of non-core operations at its Drum Instrumentation and Zero Electric subsidiaries would result in greater concen-

tration of group activities in the transport services market. After tax of £816,000 (£643,000), basic earnings per share were 32.6p (26.43p). A recommended final dividend of 9.5p makes 13.5p (11.5p) for the year. A one-for-one scrip issue is also proposed.

Thomas Tilling rises to £164m

Thomas Tilling, the industrial holding company which in 1963 became wholly owned by BTR, the industrial conglomerate, yesterday repeated its annual, and purely formal, exercise of reporting its audited results. Although its results for 1988 have been consolidated, Tilling still has debentures and unsectived loan stock.

Taxable profits advanced to \$164m (£184m), and were

achieved on turnover raised to \$1.44bn (£1.29bn).

Coalite dissociated from circular details

The Takeover Panel has required Coalite, the fuel distribution company facing a £427m hid from Anglo United, to dissociate itself from the contents of a circular with our by Mr. of a circular put out by Mr Charles Pick of Nomura

In a statement, Coelite made it clear that statements attributed to the company, or which might be thought to have originated in the Coalite camp, bad nothing to do with

Plessey sells discrete components arm

Plessey, the UK electronics group, has sold its discrete components operation in a \$2.5m management buyout. The deal will give the compo-

nents company managers a 10 per cent stake in Zetez, the buyout organisation. The rest of the equity is being acquired by Telemetrix, the computer graphics company, for £2.25m Turnover of the business being acquired amounted last year to about £10m.

BOARD MEETINGS

Kleinwort Benson

Helping our clients grow in Europe

TIP EUROPE

SIMULTANEOUS FLOTATION IN LONDON AND AMSTERDAM

February 1988

In February 1988, we advised TIP Europe, Europe's leading trailer rental company, on the first ever simultaneous flotation on both the London and Amsterdam Stock Exchanges. The flotation was effected by way of a placing which valued the company at £83 million.

ACQUISITION IN THE NETHERLANDS AND BELGIUM

November 1988

In November 1988, we advised TIP Europe on its acquisition of the Cetem/ITR Group, a trailer rental group based in The Netherlands and Belgium. The acquisition was financed by a vendor consideration placing which we underwrote.

PUBLIC OFFER IN THE UK

January 1989

In January 1989, we made a recommended offer, on behalf of TIP Europe, for CSL Corporation, a UK based trailer rental company. We underwrote the cash alternative which valued CSL at £27 million.

The Kleinwort Benson Group

Issued by Kleinwort Benson Limited, a member of TSA and of the AIBD

& Co. Limited, 10 Lower Thames Street, London EC3R 6AE

July, 1989 from:

Gilt-Edged, 10 Lower Tharnes Street. London EC3R 6AE.

Copies of the fisting particulars relating to the above may also be obtained from the Company Announcements Office of The Stock colained from the two business days following the date of this

This notice is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland, Limited ("The Stock Exchange"), it does not constitute an invitation to the public to

subscribe for or to purchase any securities.

Application has been made to the Council of The Stock Exchange

for the following debt securities to be admitted to the Official List.

Marshalls Plc

issue of £20,000,000 111/s per cent.

at £99-669 per £100 nominal amount of

stock payable in full on acceptance

Listing particulars relating to the issue will be available in the new issue cards circulated by Extel Financial Limited, and copies may

be obtained during usual business hours up to and including 18th

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The Growth and Development Programme begins on 5th February 1990 and places will be restricted to directors of companies which have demonstrated positive growth. For more information, and an application form, call Cathy Scott at London Business School's Centre for Enterprise on 01-724 8357.

LBS, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-262 5050

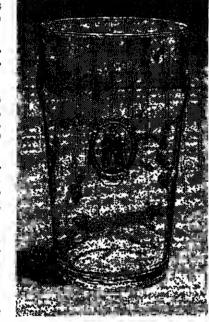
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OUR 1989 RESULTS WILL GO DOWN JUST AS NICELY

- Greene King has oow delivered increased profits and dividends per share to its shareholders for the last tweety-two consecutive years.
- The volume of beer sold by us was higher than last year, compared with a fail in beer
- Our increasing market share was spearheaded by our renowned ale brands, Greece King IPA Bitter and Abbot Ale, strongly supported by buoyant sales of Harp
- in the space of nine mooths. Lowes, our low alcohol bitter, has captured 26 per cent of the on-licensed oon and low alcoholic beer market covered by the Angila Televisioo area. thereby securing brand leadership.
- During the year seven major London pubs were acquired and placed under management increasing our Loodon pub estate to 14. Capital expeoditure during the year exceeded \$20 million.

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Dividends up for the 22nd year in succession

Year Ended 30.4.89

£192m +21% Profit Before Tax +25% 32.7p Earnings Per Share +17%Dividends Per Share 8.7p

Copies of the Annual Report will be available from the Company Secretary, Greene King & Sons plc, Westgate Brewery, Bury St Edmunds, Suffolk IP33 1QT from 18th July 1939.

Friendly

1988 RESULTS

PRE-TAX PROFITS UP 56% **EARNINGS PER SHARE UP 52%**

DIVIDENDS UP 50%

"Trading eminently satisfactory to date"

1988	1987	1986	1985
£'000	\$1000	£'000	£'000
20,921	15,462	6,068	1,596
3,171	2,034	781	180
2.7p	1.8p	1.2p	0.7p
22.6p	14.9p	6.2p	2.2p
	£'000 20,921 3,171 2.7p	£'000 £'000 20,921 15,462 3,171 2,034	5'000 5'000 5'000 20,921 15,462 6,068 3,171 2,034 781 2.7p 1.8p 1.2p

Substantial progress has been made in all areas of operations particularly the SERVICED OFFICES DIVISION. HOTELS now total thirteen, the FRIENDLY LODGE expansion is gathering pace, and four new Hotels and Lodges are under development or construction. FRENCH FRANKS enjoyed a record year. Our carefully laid plans for the expansion of CARE HOMES are now crystallising. The first FRIENDLY FLOATEL is due to open in the Autumn of 1989.

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For a copy of the latest Report and Accounts please apply to the Secretary, Friendly Hotels PLC, Premier House, 10 Greycoat Place, London SWIP 1SB.

UK COMPANY NEWS

Now, it's lighting-up time in Frankfurt

Clay Harris charts the course of Emess and Michael Meyer, its merchant adventurer

unlikely ever to sail into the world's stock market listings, If Mr Michael Meyer had not pulled back from the brink a few years ago, it would have replaced Emess as the name of his UK light fittings and electrical accessories

In the event, Emess shunned Merchant Adventurer - the original name of one if its con-stituent companies — as too much of a mouthful. The idea lives on in its own way, however, in the stylised sextant which Emess adopted as its

logo.

But if West German investors have missed a chance to ponder the eccentricities of British corporate nomencla-ture, Rmess itself will soon be a much more familiar name to

On July 13, its shares begin trading in Frankfurt. Although hardly a tiddler with a stock market capitalisation of £121m, excluding convertible preference shares, Kmess is far below the size of most UK companies which have sought a Frankfurt listing. There are good reasons, however, for its initiative.

Mr Meyer, for its inmative.

Mr Meyer, Emess' chairman, notes: "Germany is the leading European lighting market and arguably the leading world market in technical and design terms. We want to step up our activity there." Emess already does about a quarter of its business in Germany, mostly through its 77 per cent-owned subsidiary, Bremen-based Bril-

The listing should also plug a stock market gap. Apart from Brillant, which has retained its listing, and one other small company, there are no "pure" lighting companies publicly quoted in Germany. Mr Meyer expects German institutions, which took Emess paper as he built the Brillant stake, ini-

although no new shares will be issued as part of the listing. Emess will also be able to grant employees share options. Most important, however, will be its ability to offer locally traded equity as well as cash when it makes future acquisi-tions in West Germany. This will give us an advantage that not many competitors have,"

Mr Meyer says.
This is unlikely to be idle It has no European counter-part in the light fittings sector. On one side are the giant

light-source manufacturers such as Philips, Siemens' Osram subsidiary (alone and with GEC), Thorn EMI and GTE/Sylvania, for which fittings but a company to the tings are but an adjunct to the main business.

main business.
On the other are the small to medium-sized fittings groups which have established reputations for leadership in design and technology. Their growth, however, and their ability to replicate Emess' consolidation of the fragmented market has been restrained by private ownership. Among the best examples are the West German trio Erco, Staff and Hoffmeister.

Although Mr Meyer is diplo matically coy in this regard, kness has been talking to at least one of the three companies in recent months.

The Emess story is not quite one of rags-to-riches, but it comes as close as any does these days. Mr Meyer was recruited in South Africa at the age of 23 to become a management trainee for Heenan Beddow, a UK conglomerate of the early 1970s. He arrived in London in 1973 with 2400.

Heenan ran aground and was broken up in 1975, but Mr David Innes, now managing director of Authority Investments, recalls: "I always regarded him as someone who was going to go places. That's



Michael Meyer: intends to step up activity in West Germany.

Just before Heenan's death throes, Mr Meyer and a part-ner, Mr Grenville Payne, bor-rowed heavily and bought out a company where the only a company where the only assets were injection moulds. With the proceeds of the dis-posal of these only a year later, they bought Emess Lighting, a small fittings manufacturer which made profits of £35,000 on sales of £500,000.

Emess' German links go back this far, as its original products incorporated German-made glass shades. Mr Meyer and Mr Payne concen-

why we brought him from trated on margins, kept debt at a minimum and avoided squandering scarce resources on investment in property.

It came to market in January 1980 with a market capitalisa-tion of less than £1m. At flotation, Mr Meyer not only did not sell any shares, but borrowed 12 times his salary to buy more at the placing price. Now aged 39, he still owns more than 3 per cent of the ordinary shares, worth £3.67m.

He feels strongly that any chief executive should have more than 75 per cent of net worth invested in his own com-

pany's ordinary shares. "You should have your wealth on the line, so that you suffer financially if it goes wrong." So far, that has not hap-pened. Emess' 22 per cent annual compound earnings growth since 1990 is one of the 25 best records among Britain's 500 top companies. In 1988, pre-tax profits reached \$15.1m

on sales of £103m.

There are no geographical limits to Emess' ambitions, but limits to Emess' ambitions, but its post-flotation expansion has been based on one premise: not to have a single global brand. Accordingly, Markin and Quest are its commercial fittings names; JSB, bought for £25m earlier this year, for emergency lighting systems; US-based Alsy for table and standing lamps; and Brilliant (adding an "1" to its German root) will be the worldwide brand for Emess' move into retail sales.

It has not always been plain sailing for the merchant adventurer. Emess has twice failed in takeover attempts. It was outbid for Rotallex in 1966 by outbid for Rotaflex in 1966 by GTE, which already owner Concorde, and was thwarte last year by Thorn EMI and French rules over irrevecable acceptances in an auction for the French Europhane-Holo-

phane grouping. But Mr Meyer has drawn leasons from both. The recent record at Concorde/Rotaflex under GTE, where there has been an emphasis on volume, may exemplify the approach of multinational giants which also make light sources.

also make light sources.

"We're not driven by volume," says Mr Meyer. "We're
driven by profit. We'd rather
drop the volume and make
more profit per unit."

Similarly, he says: "At the
end of the day, we could have
got Europhane if we'd been
willing to pay [an earnings
multiple] in the high 20s. In
our view, we can set an expoour view, we can get an expo

Switching away from the 'loo and corridor' image

"I COULDN'T live in a place like this." Waving his hand above a sail-shaped boardroom table, underneath a dark blue plastic light fitting which ech-oes its form, Mr Michael Meyer is not danning the style of Emess' St James's St head-quarters but making a point about the role of design at the

company, writes Clay Harris.
"If it had been me," he says,
"I wouldn't have designed it this way, but it wouldn't have had the same visual impact." The offices, designed by David Davies Associates, resemble a 1930s ocean liner or a 1980s stage pastiche thereof. Lighting plays a important but not overwhelming role, because the offices are also a showroom for the work of British artists and textile and furniture designers. Mr Meyer was pleased recently when an Italian com-

petitor came to lunch, looked around the office and volunteered that British designers were now the equal of their continental counterparts.

In the past few years, Mr Meyer has used design to raise the profile of Emess. "We are different," he maintains. The initiative began with Emess' 1986 accounts, the first annual report ever designed by DDA. It probably looks dated already, but at the time, clad in a translucent dust tacket, it was as up-to-the-moment as the Next stores DDA had

designed for Mr George

When Emess shortly afterwards linked with Brillantleuchten, Mr Meyer said the West German company's owners told him they had been won over by the stunning design of the report. Just as many peo-ple hated it.

The 1987 report was recognisably in the same style. So 1988 had to be different again. Food photographer Paul Wilwith light, shadow and projected images.
Mr Terry Diver, DDA's

design director of graphics. says: "What sets Michael Meyer apart from a lot of other clients is that as an individual he's unbelievably design-aware. You always know he's expecting something special, something out of

thing special, something out of the ordinary."

In Emess' products, how-ever, the chairman's daring instincts are reined in by com-mercial reality. Nevertheless, the range at Marlin, its main commercial fittings brand, is almost unrecognisable from the "loo and corridor" image it once had, thanks in part to the designer Mr Michael Jan-

"Design is important because it enables you to be perceived as a premium prod-nct and therefore obtain a pre-mium price," says Mr Meyer.

But he steers clear of judg-ing style himself. "I purpose-fully don't comment because, if I did, I think it would be an all-time loser as a product."
Indeed, at this spring's Han-over Light Show, the only cell-

ing fitting on the Emess booth which appeared to stick out from the cool Mariin look was one that had originally been designed for Mr Meyer's kitchen, although not, it must be said, by the chairman him-

Emess is sponsoring The New Designers, an exhibition of 1989 graduate designers working in interior, industrial and product design. Julu 16-19, Business Design Centre, 52 Upper Street, London N1.

INSU

Stirling drops to £2.74m

STIRLING Group, garment maker, reported taxable profits down 32 per cent from £4m to £2.74m in the year ended March 31 1989, on a lower turn-over of £40.21m (£41.69m).

over of 240.21m (£41.69m).

However, with the order book full and the first quarter in line with budget, the company looks forward to improved results for the year.

Earnings per 20p share fell to 4.7p (7.09p), but the dividend is maintained at 1.35p with a 0.85n fmal.

Reduced deficit reported by OEM

A reduced deficit for 1988 was yesterday reported by Office and Electronic Machines, the manufacture and distribution

group. On turnover down to £19,22m (£25m), the pre-tax loss came out at £1.84m. against the pre-vious year's £4.02m. The loss per share more than halved to 30.01p (65.63p). There is again no dividend.

Nobo profits up 10% to near £3m

Nobo Group, office equipment manufacturer, achieved a 54 per cent increase in turnover from £13.62m to £20.96m for the year ended April 30, against a 10 per cent increase in profit from £2.64m to £2.9m. After an increased tax payment of fillim (f388,000) as a result of tax losses in a Dutch subsidiary and an extraordi-

nary gain of £293,000 (nil) from the sale of a freehold factory, earnings per share came out at 17.24p (17.04p). A final dividend of 4.4p

(3.52p) is proposed, bringing the total for the year to 6.6p

UMECO joins the USM via placing

USM via placing

UMECO, a specialist
engineering business, is joining the USM via a placing
which values it at £5.88m.

The company, which was
founded in 1917 under the title
University Motors and Engineering Company acted as a
motor distributor until 1984.

The loss-making car distribution businesses were sold and
the profits realised from their
sites helped the company move
into its current businesses.

Sheppards is placing 2.61m
shares at 95p. 2.11m shares are
being sold by existing shareholders and 500,000 new shares
are being issued by the company to raise £175,000 net of
expenses, in the year to March

expenses. In the year to March 31, UMECO made pre-tax profits of £541,000 (£522,000) on turnover of £9.92m (£6.82m). Dealings are expected to start on July 10.

Doubled profits at **Embassy Property**

Embassy Property, which came to the USM via a placing last November, reported pre-tax profits more than doubled to \$2.25m for the year to March

However, Mr Roger Hol-beche, chairman, warned that housing sales would be diffi-cult while current high levels of interest rates prevail. Turnover was £17.27m (£12,2m) and after tax of £267,000 (£390,000), earnings per 10p share emerged at 25.6p (15.8p). The dividend is 2.3p.

Second — half fall at John J Lees second-half downturn left

A second-half downturn left John J. Lees, maker of confec-tionery and bakery products, with 1988-69 pre-tax profits lower at 2410,012, against £485,392 previously. Turnover for the 12 months to March 31 however, rose from 26.55m to

Earnings per 10p share were 5.68p (6.24p) while a recom-mended final dividend of 1.25p makes a total of 2p (1.875p).

Carron Phoenix sinks to £342,000 Taxable profits at Carron Phoenix, the Edinburgh-based sink manufacturer, fell 43 per

cent to 2342,000 in the six months to March 31 1989. Directors of this USM-quoted group said trading during the second half remained "difficult" and prospects for an upturn in consumer demand and a fall in interest rates were

"not encouraging".
Turnover amounted to £10.54m (£8.34m). Earnings per 10p share dipped to 2p (4.1p), but the interim dividend is

Textured Jersey margins squeezed

Profit margins under pressure at Textured Jersey have meant a fall in pre-tax profits from £1.33m to £970,000 in the year to April 30 1989, in spite of an increased turnover of £21.72m (£21.27m).

Earnings per share dropped to 18.23n (22.24p), but the final dividend is unchanged at 4.5p for a total of 7p (same).

The company is taking further steps to rationalise its activity and to improve cost effectiveness. An extraordinary debit of £167,000 arose from the closure of the Leicester knit-

Beckenham builds advance to £1.3m

Beckenham Group, a supplier of services to the construction industry, yesterday reported pre-tax profits sharply higher at £1.3m in the six months to April 30. The advance from the £517,000 achieved last time came on turnover ahead from £13.19m to £32.28m. The interim dividend is raised to 1.5p (1p). The group is quoted on the Third Market.

Geevor moves back

into the black

Geever, the tin mining group which has been expanding its coal interests, moved back into the black thanks to profitable trading in the second half. Against pre-tax losses of 2676,000 last time, it achieved profits of £10,000 in the year to March 31.

Turnover advanced from £1.37m to £3.37m. There is again no dividend.

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DMWSL 033 PLC

ting operations.

(Incorporated in England and Wales under the Companies Act 1985—Registered No. 2321095)

Introduction to listing of 7.5p (net) first redeemable preference shares of 50p each

Application has been made to the Council of The Stock Exchange for the 7.5p (net) first redeemable preference shares of 50p each ("Replacement Preference Shares") to be admitted to the Official List and dealings are expected to commence today.

Details of the Replacement Preference Shares are available in the statistical services of Extel Financial Limited. Copies are available for collection from the Company Announcements Office, The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited, 46 Finsbury Square, London EC2A 1DD up to and including 6th July, 1989 and may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 17th July, 1989

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4th July, 1989

מבו שיעיטן

Milk Marketing Board

£75,000,000 Floating Rate Notes 1993

In accordance with the provisions of the Notes, notice is hereby given that the vact of the est for the cives wouth, and Johnson. 1987 to September, 1989 has been fixed at 14% per cent. per annum. Coupon No. 14 will therefore be payable on 29th September, 1989 at £1,784.16 per coupon from Notes of £50,000 nominal and £178.42 per coupon from Notes of £50,000 nominal and £178.42 per coupon from Notes of £50,000 nominal.

S.G. WARBURG & CO. LTD.

he sinking of a Soviet Mike class nnclaar-powered submarine in April and the fire on another Soviet nuclear submarine last week pose unusual dilemmas which the world's navies would probably prefer

Should newly sunk submarines lie, like sleeping dogs, on the ocean floor when the tech-nology to raise them is avail-able? And, whether or not reac-tors or missiles are leaking radiation is the sea floor the radiation, is the sea floor the safest place for them to be, or should every effort be made to retrieve them?

These questions are compli-cated by a common abhorrence of anything radioactive, and by the fact that the radiological impact on marine ecology is hard to measure.

The US navy said that no more than trace amounts of radioactivity had been detected in the vicinity of two sunken US nuclear submarines in the Atlantic.

But a technical study, commissioned by the environmental pressure group Greenpeace from Large and Associates, the London consulting engineers used as safety experts at the used as safety experts at the Hinkley Point inquiry, disputes claims like these. The large report on the sinking of the Mike vessel concludes that "significant" amounts of highly radioactive and toxic materials would eventually dispute to the marine environperse to the marine environ-ment unless the submarine

The ocean floor was some-thing of a nuclear junkyard until 1983, by which time most United Nations countries had agreed to a moratorium on the dumping of nuclear waste at sea. But there is no similar convention on naval accidents, and the sea bed is reportedly littered with nuclear debris as a consequence of one severe

accident a week since 1945. Leaving a stricken nuclear sub on the seabed is certainly much easier than bringing it to the surface. But when the Mike sank, the Soviet Union made an unusual announcement. It would try to recover the boat. Viktor Orlik, editor of Soviet Weekly, said last week that the expedition to salvage the submarine from its present grave, 5,000 ft deep in the Arctic Ocean off Norway, was now

"being organised."
This made pleasant hearing for those anxious that crushing pressure - 445 lbs per sq in for each 1,000 ft of depth - on the submarine's twin reactors, cou-pled with corrosion, would guarantee a leak of radioactivity into the sea.

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But raising a nuclear subma-

to 2.2% per month.

Serious accidents to two Soviet nuclear submarines have prompted questions about the wisdom of leaving reactor-carrying wrecks on the sea bed. Rachel Johnson reports

Deep dilemma over raising sleeping dogs

rine from the sea hed has unmanned robot which discovnever been done successfully. ered the wrecks of the Titunic The last time it was attempted. in 1986 and the Bismarck last never been done successfully. The last time it was attempted, in 1975 when the CIA and Howard Hughes tried to sal-vage a Soviet Golf class submarine in the Pacific, the vessel

broke apart. Captain Richard Sharpe, editor of Jane's Fighting Ships, says that the Russians will try to raise the submarine because it is worth raising. There is no suggestion that the expedition will be to recover the bodies of 45 crewmen, or to reduce the long-term risk of radioactive leaks. "But no nuclear sub has

leaks. "But no nuclear sub has ever been salvaged at this depth," he points out.

There are three good reasons to raise the sub, he says. The Mike vessel is the only one of its kind and has a unique hull design; there are nuclear weapone on board; and the causes of the uncontrolled fire that led to its sinking urgently need to

But how to raise a 9,000-tonne submarine from the sea bed? It would need the very latest advances in deep-sea recovery techniques, according to Barrie Walden, manager of submersible operations at the privately funded Woods Hole Oceanographic Institute in

In the case of the Mike, either an unmanned robot or a manned submarine would be needed to find it. While it was sinking, it would have drifted some miles, says Walden.
To complicate matters, the

reactor itself might have become dislodged from the hull and embedded itself apart from the rest of the wreck in an enormous crater. So, before recovery can start, the Russians will have to pinpoint the location of the vessel. To do that, they will need something resembling the mouth.

Jason, a remotely operated vehicle capable of transmitting sound and images, live and in colour, in depths of up to 20,000 ft, could help to find the Mike and then attach cables to the wreck.

According to Captain Sharpe, if the submarine sank sealed, then the crushing depth would have fractured the hull, making recovery all the more

But if the Mike's captain deliberately scuttled it, as most observers believe he did, the submarine should be intact. With the haich open, the pres-sure inside it would be equal to that outside, even in crushing

depths.
Then an unmanned, remotely controlled mini-submarine could seal the hatch, pump out the water from the hull and buoyancy tanks, and fill them with air to a pressure equal to the pressure of water

"This would achieve a neutral buoyancy. Combine this with the Archimedes displacement principle, and the sub is considerably more moveable than before," says Captain

A minimum of two surface vessels, with cables running between them, could then winch the Mike to the surface. Whether the Soviet navy will undertake this complex opera-tion remains to be seen. It may decide to leave the wreck alone along with another 50 nnclear warheads and seven reactors on the bottom of the oceans, including a warhead accidentally dropped into the sea off south-east Spain by the US air force.

RANV

SPONSORED SECURITIES



A smoking Soviet Echo-2 class nuclear submarine being towed back to its home base in Severomorsk last week

Preliminary scientific evidence seems to suggest that the bottom of the ocean is not such a bad place for materials to be. "Water is the best con-tainer of radiation there is," says Sharpe. If the reactors have been shut down before sinking and the fuel rods are spent, "there is no conceivable comparison with Chernobyl." Testing of the seas off Norway after the Mike submarine's sinking found no radiation

Nuclear reactors are built to survive even if the hull is crushed. The nuclear fuel is encased in a heavy steel pressure vessel in a hull compartment, and both are "hugely strong," he says. "After a few weeks, the reac-

tor will emit as much radiation as a granite outcrop in Aberdeen and certainly less than the ambient levels in the sea." But the Large and Associates report reckons that each of the reactors of the Mike class hunter-killer submarine contains about 1.5 tonnes of highly enriched uranium, which would eventually release up to 20m curies of radioactivity into .

the ocean. In comparison, this is about a third of the radioac-tivity released by the Cherno-

yl accident. The impact of this radiation release on the environment, marine life, or man, is almost impossible to quantify, says the Large report. But the radio-activity would leak out even if the submarine had been scuttled, because the reactor chamber would remain airtight and would therefore be crushed.

"Nuclear fission products are very migratory," says John Large, head of the consultancy. "When it is reported that there is little radioactivity in the waters around subs, that is absolute nonsense. It depends how you look and what you look for." The Norwegian and Soviet governments had not made enough information available for a sensible result to be reached, the study says.

Without an accurate mea-sure of radioactivity, or an easy method of raising submarines, it seems that navies will still face the same dilemmas - while the submarines still lie at the bottom of the

'Best buy' verdict on PCs

THE PERFORMANCE of nearly 200 personal computer models has been scrutinised by What to Buy for Business the London office equipment consumer report.

As well as looking at product excellence and value for money, the publication esked more than 700 subscribers for their views

on service and reliab There were four "best buy" labels awarded in the lap-top category and three of them went to Toshiba, the Japanese manufacturer that already dominates this sector. The fourth award was to

Sharp, also of Japan. Dell, a US company which has only operated in the UK in the last three years, received four of six "best buys" in the desk-top category. The other two went to Tandon and Apricot. The publication's editor,

Julian Lloyd, says that apart from technical excellence. the assessors were looking for customer peace of mind.
"Buyers want increasingly high performance systems, but equally important are the level of reliability and the quality of after sales service. All too often, technically exciting machines are let down by poor quality manufacture or by lousy dealer support," says Lloye

that high prices do not necessarily mean high quality. Upmarket brands, such as IBM and Olivetti, received mediocre ratings for service and fared no er than Amstrad on reliability.

Airborne check on corrosion

BATTELLE, the US-based international research group. has developed an electronic system to detect corresion in the structural recesses of

The idea is to provide continuous information about corrosion in ageing airliners and helicopters. The system could greatly reduce the need for extensive manual checks for corrosion in areas of difficult access. Moisture, salt and dirt can accumulate in such places, causing onents or systems to tail if left undetected.

Battelle's system spots the onset and severity of corrosion by automatically

electrical resistance of small metallic sensors mounted on airtrame components. The thickness of the sensors decreases as corrosion eats away the metal

Signals from the sensors are dealt with in a small computer that can work out the relative rates of corrosion at various places on the alreraft.

Market data by satellite

A NEW satellite service which distributes financial market information has been introduced into the UK by the Euro American Group of London. The system, ca Satquote, covers most UK, US and Canadian equities and futures, and is almed at private investors, financial advisors and stockbrokers. Salquote operates over Eutelsat 4, in geostationary orbit 22,000 miles above the mid Atlantic. The service

transmits data as it generated by Standard and Poor, tha New York financial information bureau, and this la picked up vis a dish aerial

and receiver.

Apricot, the computer maker, will supply the necessary hardware and Granada will conduct a site survey and install a complete system anywhere in the UK. Another UK company, EAG, will provide the user with bespoke software systems to carry out analyses of the Satquote data. Examples are portfolio analysis, options pricing and risk analysis. The Satquote service costs £196 a month, which Euro

American says is about a tenth of the cost of services based on land lines. The hardware can be leased for £151 a month, or purchased for about £4,500. The EAG software is extra.

Control system

for car parks TRAFITEL, of France, has developed a computer-based control centre that can look after several car parks at once on a 24-hour basis.

Car park control and ment involves keeping track of traffic, atlendants, ticket mechin barriers, lighting and ventilation. Alarm telephones ecurity and surveillance are The French system, called Cristal, provides manage

personnel with video

WORTH WATCHING

Edited by Geoffrey Charlish

surveillance, audio Intercommunications, automatic monitoring of car park equipment and remo control of barriers, lighting, ticket machines and public display signs, such as those that indicate how many ces are left in the car

Cristal's traffic monitoring facility provides an up-to-da-automatic count of the number of vehicles in each

Soil nailer solves Mway problem

A MACHINE that rapidly runs nails into soil should enable motorways to be widened more quickly and al less cost The University of Wales has developed the fast soil-nailing machine for Ryar

International, the Cardiff engineering company. When a motorway is in a cutting, the soli bank has to be cut back to allow widening The shallower the bank angle the more stable it is, but the

more soil has to be removed. The civil engineering answer is to "nail" the soil, which allows a stable, steeps bank angle, reducing soll

removal and saving time. Using compressed air, the Cardiff machine fires one six-metre steel nail a minu using a device from Ferranti called an air launcher, mounted on a vehicle from Compact Loaders.

Conventional methods. which involve driffing and grouting, allow only one nail to be driven in every 20

CONTACTS: What to Buy for Business: London, 730 0403, Battelle: US, (614) 424 7984 or In London on 463 0184, Traffiel; France, 9399 3180, Euro Amer-lean: London, 233 1100. University of Wales: UK, 0222 874 063.

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FINANCIAL TIMES

Knowledge leads to success



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COMMODITIES AND AGRICULTURE

International coffee pact collapses

El Salvador to end export trade monopoly

By David Blackwell

THE INTERNATIONAL Collec Agreement collapsen last night. Export quotas will be suspended today, plunging the coffee world into a free market. Delegates to the Interna-tional Coffee Organisation had earlier voted down the two major proposals for extending

the agreement beyond its scheduled expiry at the end of September. That was not unexpected, but nevertheless prices in London and New York turnibled. The September schustz hled. The September rohusta contract on the London Futures and Options Exchange fell to 1940 a tonne, 173 down Vesterday evening delegates

By Tim Coone in Managua

THE COFFEE trade in the

Central American country of El Salvador is to be opened

tor, after nine years of nation-

The measure, announced by Mr Antonio Cabrales, the Agi-

culture Minister, is the first of

a series of important economic

reforms promised by the new

Arena-controlled Covernment, which lock office at the begin-

ning of June. He said that

incase, the state coffee board, would continue to function,

bu: that private growers would

in future be able to make their

own contracts with overseas

Nationalisation of the coffee trade in 1960 and subsequent

agraslan reform have been

major roints of conflict between the centrist Christian

Democra: party and the right-

wing Arena party throughout the course of this decade. The

defeat of the Christian Demo-

were discussing a further pro-posal to extend the agreement without any economic clauses. This third proposal was, put together on Thursday and Friday last week by the ICO executive board, envisaged a two-year extension from the end of the current agreement in September, and the suspension of the export quota system from

The export quota system was the major economic clause of the current agreement, and was aimed at keeping prices in the 120 to 140 US cents a lb range. But prices tumbled as ICO members wrangled over tha future of the agreement.

crats in last March's elections, however, presages a roil-back of the earlier reforms including

a possible denationalisation of

the banking sector and a break-up of the agricultural co-operatives established

through the agrarian reform. The principal argument against denationalisation has

been that private sector con-trol of foreign trade encourages and facilitates capital flight.

El Salvador's decade long guerilla war has undermined

business confidence and has

badly affected coffee produc-

tion. Some 86,000 hectares of plantations have been aban-

doned or sold in the past 10 years, leaving only 185,000

bectares in production, accord-

ing to figures supplied by Ucafes, the Union of El Salva-

dor Coffee Grower Co-opera-

tives. Before nationalisation, the trade was traditionally in the hands of hig growers who exercised an oligopolistic con-

The ICO daily indicator price yesterday was 97.12 cents a lh. resterday was 97.12 cents a in.
Yesterday's meeting was a
resumption of a special session
adjourned early last month
after the extension proposals had heen made but not voted on. Hopes that the broathing space provided by the adjournment would allow the gap between the two sides to be narrowed proved ill-founded.

however. Voting yesterday was split along the line which divided delegates before. Brazil and Colombia, the two biggest producers, wanted a one-year extension with fur-ther discussion on market shares to take place in Septem-

trol over the local market. Coffee is El Salvador's main

foreign currency earner, repre-senting between 55 and 65 per

cent of total exports depending

on production and price. This is despite the fact that ontput

has fallen by over half to just 2m quintals (1 quintal = 46 kg) from its peak of 44m quintals

in 1974, and is a reflection of the effects of the war on other

sectors of the economy as well.
In neighbouring Nicaragua,
the Government is also under

pressure partially to denation-

alise the state monopoly on coffee trade. Last week a meet-

ing of private growers decided to pull out of the National Cof-fee Commissico, a forum of tri-lateral talks between growers,

government and trade unions, arguing that none of their demands had been heeded, one

of which was a removal of the

state monopoly in coffee exports. Three leaders of Uca-

fenic (Union of Nicaraguan

ber. The US and the so-called "other milds" group, mainly Central American arabica pro-ducers, also wanted a one year extension but with an immediate increase in the allocation of export quotas to the other milds, whose coffee is favoured over the rohustas. Ironically prices have now fallen low

enough to trigger a cut in the arabica quots of 1.5m bags due to be made in this quarter. Prices can be expected to fall further as coffee is released believe. The reintroduction of given the bitterness yester-day's votes have engendered."

Coffee Growers) subsequently had their coffee farms expro-priated by the Sandinista Gov-

ernment in a retaliatory mea-sure of dubions legality, for

having in the same meeting refused to recognise the authority of the Government and, according to Mr Jaime Wheelock, the Agriculture

Minister, for attempting to

spread "anarchy and economic chaos."

Officials of Encase, the Nicaraguan State Cossee Board,

argue that their monopoly

market power has enabled Nicaragua to obtain higher average prices for its exports and has moved Nicaragua from fifth to second place in the

Central American league for

average export prices. Mr Jose Aguirre, a senior economic adviser at Encafe said: "The

door is always open for negoti-ation, but handing over mar-keting entirely to the private sector is ont of the question."

Devaluation calms Brazil's soya rebels

By John Barham in Sao

SAO PAULO traders report that local soyabean market is returning to normal, following a farmers' protest against low prices that have lasted for

more than a month.

On Friday, the government decreed a 12 per cent devaluation of the Brazilian Cruzado, going part of the way to satisfying the producers' demands for a 25 to 30 per cent devalua-

Mr Orestes Lavagnini, a Sao Mr Oresies Lavagnini, a Sao Paulo grain trader, reported that: "The market has stahi-lised. The farmers have lifted their road blocks in the south and exports are returning to normal." Prices are now within the local price range farmers had been demanding. Traders are now paying a maximum of are now paying a maximum of \$12.35 for s 60 kg hag in southern Brazil, a main produ-

cing region. However, farmers in the remote centre west of Brazil are still unhappy and have maintained roadhlocks and sales boycotts in many regions of Mato Grosso.

They face higher production and transport costs and com-plain that the higher prices still do not provide a satisfac-

tory profit margin. Traders warn that prices are now slipping as farmers begin making major sales to make up for lost income during their sales hoycott. Domestic soys oil prices have already fallen 13 per cent and meal export markets are weakening.

US orange aims to beat the frost

Department scientists have developed a new more cold-resistant byhrid orange, Ambersweet, which could eventually

reduce US dependence on imported orange juice. US demand for juice exceeds domestic supplies. About \$535 worth of julce was imported in 1987-88, mostly from Brazil, to hridge the gap.

The current early season American variety, Hamlin, has a pale colour and must be mixed with deeper coloured juice, like Valencia, to meet US colour standards. Processors generally import and store juice to mix with Hamlin.

Florida's Valencia, which account for about 40 per cent of the state's crop does not the state's trop does not the st

ripen until the April-May after Hamlins. Ambersweet ripens by mid-October. The new orange will be

available in commercial nurseries within a year, but it takes about four years to produce a

Thatcher denies plan to break up farm ministry

By Bridget Bloom, Agriculture Correspondent, in Stoneleigh

MRS MARGARET Thatcher, the British Prime Minister, yes-terday declared that she had no intention of breaking up the Ministry of Agriculture, Fish-eries and Food, a move widely canvassed over the past few months in the wake of the salmonelln and listeria food health scares. Her firm defence of the min-

istry came as she opened the 150th Royal Show at Stone-leigh, in Warwickshire, in tones that seemed to be aimed et deflecting mounting criticism of the Government's agricultural policies from farmers' organisations.

Sir Simon Gourlay, President of the National Farmers' Union, told a press conference yesterday that the reforms of the European Community's Common Agricultural Policy, together with rising inf-lation in Britain and a fluctuat-ing exchange rate for starling, were leading to an investment crisis for the country's farming industry.

Farmers' investment had fallen by 40 per cent over the last five years, and would probably fall a further 10 per cent this year. This raised serious doubts about Britain's ability to maintain its competitive position on the creation of the single European market in

Sir Simon said that the Government seemed not to realise the danger facing the arable sector in particular, and called for the abolition of the co-responsibility levy, the special tax on cereals, which has been imposed by the EC Council of Ministers hut long opposed by British farm-

Mrs Thatchar's announcement that she would not dismember the agriculture ministry cams at the end of a speech in which she went out of her way to praise farming's achievements over the past few

years.
The dismemberment of the ministry and the formation of



Thatcher: Margaret Unexpectedly benign

a separate ministry, or independent agency, for food standards has been called for by a variety of consumer organisations, as well as hy the Labour

Party.
Yesterday, Mrs Thatcher said that, while she had "read in the newspapers" that she intended to break up the ministry, she did "not propose to do any such thing."
She reiterated, however, that the Government would soon be

the Government would soon be introducing new legislation to strengthen the law on food

Mrs Thatcher's farming audience seemed somewhat taken aback by her paean of praise for farming, particularly since the Prime Minister has been widely held to be the prime mover behind Britain's support for CAP reforms, which are now having their impact on farming incomes.

Referring to farmers as "the backbone of our society," the Prime Minister pointed to the marked increases in farm productivity over tha last 20 years and to the tenfold increase in agricultural

exports.
She also complimented British farmers on their ability to increase agricultural production while conserving the nation's countryside - "still one of the most beautiful in July.

the world." the world."

Mrs Thatcher acknowledged that the CAP reforms —
"which we have got broadly right" — had badly affected arable farmers' incomes. This was partly because there had been poor harvests recently. However, she maintained that ultimately the reforms, which had now greatly reduced publicly financed food mountains, would also make British farmers more competitive in the

long run. Sir Simon later described the Prime Minister's speech as unexpectedly benign. The NFU, however, is con-

tinuing its call for Britain to enter the exchange rate mecha-nism of the European Mone-tary System to stahilise exchange rates, os well as the abolition as a shorter term measure of the co-responsibil-ity levy on cereals.

ity levy on cereals.

The tax is levied at rates which vary between 3 and 6 per cent a tonne, depending on the total EC harvest. The NPU estimates that its abolition, if it were being applied at the full rate, would save British cereal farmers 170m in a full recommendation. farmers £100m in a full year. At a later press conference Mr John MacGregor, the Minismr John MacGregor, the minis-ter of Agriculture, said the Government had long been opposed in principle to the co-responsibility levy and still believed that it was not the right way to tackle the cereals problem.

However, the immediate point at issue was whether the extra 3 per cent levy should be paid this year or not and no decision could be taken until a more accurate assessment of the European harvest as a whole could be

Mr MacGregor suggested that he would discuss the issue with Mr Raymond MacSharry, the EC Agriculture Commis-sioner, who is visiting the Royal Show, and hoped that it could be raised at the next European Farm Council in late

Tight supplies 'could keep zinc firm'

By David Blackwell

firm until the end of the year, according to a report from Rudolf Wolff, the London

"The zinc industry appears to be holding its breath, hoping that an economic slowdown and gradual increase in refined and concentrate metal supplies will allow a soft landing towards the year end. Until then, however, there are fears that disruptions to supplies, particularly in Peru, and strong demand in galvanising will continue to underpin current high prices," the report

supply is forecast to be 5.35m tonnes this year, 4 per cent ahead of 1988 when Peruvian production fell 20 per cent because of strike action. This year Peruvian output should recover from last year's 475,000

TIGHT SUPPLIES of zinc tonnes, and mines in Canada, suggest prices could remain Australia and the US are expanding production.

Most important will be the

commissioning in October of the Red Dog project in Alaska. where concentrate output is set to reach 325,000 tonnes. Refined supplies remain sensltive to strikes and technical problems, says the report. The industry's high capacity ntilisation is likely to increase the chances of technical difficulties and consequent production

Demand is being constrained by lack of production. Western refined zinc consumption is expected to grow by only I per In 1988 It grew 5 per cent. This year's small growth reflects higher price levels as well as the forecast economic

slowdown later this year.

COCOA Stonne

Turnover 3298 (6554) I ICCO indicator prices

The galvanising industry, which accounts for 45 per cent

833 822

Close Previous High/Low

of zinc consumption, is plan-ning 26 new galvanising lines worth \$5bn between now and 1991, and further announcements are likely as the sector

is relatively price insensitive.

The discasting and brass sectors, which account for 15 per cent and 20 per cent of zinc respectively, remain firm — but are sensitive to price. Nevertheless, overall consumption remains good in spite

of customers attempting to reduce demand by using thin-ner coatings, drawing down stocks and delaying orders. The recent recovery in prices has also left many customers in a quandary as they try to els in the hone the market will weaken. Accordingly, any fall in price should merely attract increased demand."

Producer stocks, at ahout 300,000 tonnes, are 20,000 tonnes helow year end levels

and represent only three weeks' consumption. Pressure on stocks has been partly maintained hy the London Metal Exchange's introduction of the special high grade zinc contract, for which producers undertook to provide liquidity.

Consumer stocks have been drawn down in the face of higher prices and probably stand at 140,000 tonnes, says the report. They are unlikely, to he rehuilt unless prices weaken significantly.

Change dur tonnes	HOUSE STOCKS ing week anded lest Friday
Aluminium	+15,825 to 135,63
Copper	-850 to 81,675
Lesd	-1,250 ta.34,325
Nickel	-672 to 1,515
Zinc	+2,575 to 31,400
LING	+ 1,100 to 2,740

Hog prices plunge in Chicago

By Deborah Hargreaves in Chicago

HOG futures prices on tha Chicago Mercantile Exchange plummeted yesterday and remained locked at their lowast limits as traders rushed to clear out of the market before today's July 4

The sudden plunge in live to futures followed Friday's release by the US Department of Agriculture of a report that showed the US hog herd was not shrinking as fast as traders and analysts had been expect-

The hog herd, at 43.7m head.

US MARKETS

IN THE METALS, gold and silver firmed

due to the weak US dollar, reports Drexel Burnham Lambert. Copper fell on news of a strike settlement. Trading

holiday today. The softs were elso slow with cocoa prices gaining from

commission house and fund buying. Coffee futures eank as no agreen

was made by the ICO. Sugar treding was dominated by local pleyers. A

bearish report weakened the livestocks. Pork belly and hog futures

complex. Wheat and corn were mixed In non-eventful dealings. The New York mercantile exchange was closed

fell down the limit. Cotton futures edvanced on from elected buy stops The grains featured higher prices in

New York

wes very slow in front of the US

was only 1 per cent lower than in June last year the depart-ment reported. Most analysts had predicted a 4 per cent drop

in hog numbers.

Hog farming has yielded poor profits for the last nine to ten months, leading analysts to expect higher rates of slaugh-ter. Last year's US drought had pushed up the price of maize, which made it more costly to feed livestock.

At the same time, traders had been pointing to a rise in sow slaughtering, which had led them to expect a reduced

hreeding rate. This has proved not to be the case, however, as farmers have been holding back younger pigs for breed-

"In the short-term these numbers are very negative," one trader said yesterday, "but producers may see that the little room to hedge and may now start liquidating." How-ever, he does not expect to see much support for prices until February or March next year, when another round of slaughtering will begin.

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WORLD COMMODITIES PRICES

REWS OF an important US labour scillement sent copper prices down to 7 ½-month laws on the London Melal Exchange yesterday. Despite steadying samewhat in tale trading the cash LME quotation closed £73 tower at £1,838,50 a longe. The three months position was £71 down at £1.516 50 a tonne. The settlement, at klagnia copper, is subject to union members' ratification, but traders did not doubt that this war \$50 5-me sent that High expe Met

London Markets

SPOT MARKETS		
Crude oil iper partel FQB)		+ ar -
Dubin Brow Blend W.T.r. (1 pm est)	\$15 75-5.85w \$18 40-8 50	
Oil products INNE prampt delivary per la	ones CIF)	+ gr -
Promium Gesolinu Ges Cil Heavy Fuol Cil	\$210-212 \$147-148 \$87-88	+2
Maphina Palvuleum Argus Estimales	\$161-163	+25
Other		+ or ·
Gold Ipor troy onthe Silver iper Iruy onthe	\$375.2\$ \$20:	+4 00 +6
Planum (per tray of) Palladium (per tray of)	550J.5 \$154 Q	0.5
Aluminium (fron market) Copper (US Producer) Lend (US Producer)	\$1175 1145-116c 38.5c	-80
Nickel (frum mitrkell) Tim (European Irea market) Tim (Kuala Lumpur mitrket) Tim (New York) Zine (US Primo Western)	600c \$9990 26.37r 459 25c 80% c	+25 -0.13 -3.25
Cattle flive weight f Sheep idead weight f Pigs (live weight f	119,06p 177,09p 90,78p	+ 0 15 + 4 36 + 5.89
London deily sugar (raw) London daily sugar (while) Tale and Lyle export price		+7.8 +15 +25
Barley (English leed) Maize IUS No. 3 yellow) Whoat (US Dark Northern)	£105.0w £131.5 £163	+0.5
Rubber (spot) ♥ Rubber (Aug) ♥ Rubber (Sep) ♥ Rubber (KL RSS No 1 Jul)	60.50 64.50 65.250 256.0m	-0.5 -1.0 -1.00 +9.5
Coconut oil (Philippinosis Palm Oil (Maleysion)s Copra (Philippinosis Sovaboans (US) Cotton "A" index Wooltops (64s Super)	\$5501 \$340w \$350 \$350 \$30.30c \$220	+2+9.05

but traders did not doub			CORE	2 Crionne		
would by forthcoming. I came despite a further :			00112	Clase	Previous	High/Law
warehouse stocks of co						
\$50-tenne decilne 100).		3	Jul Sop	948 940	1029 1013	1041 955 1040 937
5-month law of \$1.67\$ to			Nov	945	1010	1035 945
sentiment was encoura			Jan	960	1020	1043 976
hat labour talks were c			Mar	960	1030	1055 973
Highland Valley and the			May	1010	1050	1070 1025
expected to resume lod		•	Turnave	r: 5973 j3	851) lots of	5 lannes
Melallurgie Heboken O		len	ICO Inc	licator pri	eas IUS ee	mis per pound) (or
plant in Belgium.	respond to			Comp. da 48 (101.5		6 17) . 15 day aver
				IS por igi		
SPOT BEARKETS			Rew	Close	Previous	High/Low
Crude oil iper parrel FQB)		+ gr -	Aug	323.00	321.00	323.60 317,00
	\$15.75-5.85w	+0.25	Oct	324,40	321.00	325.00 317.00
Dubin Breiz Blend		+0.30	Dec	316 CD	311 00	311.60 310 60
WT((I pm est)			Mai	306.80	302.00	307.80 330,00
			May Aug	343 80 297.00	298 00	304.40 301.60
Oil products INIVE prempt delivery per 10	ong CIF)	+ gr -	Oct	288.00	292.60 219.20	284.00
	\$210-212		White	Clasa		
Promium Gesolinu Gas Cii	\$147-14B	+2			Previous	High/Law
Heavy Fuel Cif	\$67-68		Aug Oct	453 99 411.00	442.00 401.60	452 00 443 00 412.00 402.00
Nation	\$161-163	+25	Das	29100	387.00	392.00 402.00
Patruleum Argus Estimates			Mar	375.00	271.00	381,00 370,50
Other		+ or -	Mey	373 50	369 00	372,00 371,00
Gold in or troy ont	\$375.2\$	+400	Aug	313.00	367.50	372,00
Silver (per truy e:)	520:	+6	7u-nov	er: Raw	6463 (9944	NaL: of 50 tennes
Planum (per tray of)	55CJ. 5	+4	White a	427 (2627	١.	
Palladium (per)roy oti	₹154 Q	-0.5	Paris- \	Nhile IFFr	par lenna)	Aug 2391 Oct 267
Aluminium jiron marketi	\$1175	-80	Doc 25	20. Mar 2	HED, MIJY 3	1465. Aug 2450. Oc
Copper IUS Produceri	114 %-116c		?300.			
Lend (US Producor)	38.50		CRUD	Z OIL Ste	rrol	
at at at the same marked)	600c	+25				
To Gurangen Iron (NOINGE)	\$9990	-0.13		Clos		us High/Low
Tin (Kuala Lumpur market)	26.37r 459 25c	-0.13 -3.25	Aug	17 8		17.84 17.58
Tin (New York) Zinc (US Primo Western)	80%c	-0,20	Sep IPE Ind	17.34 lox 17.54		17.40 17.17
	119.06p	+ 0 15				
Cattle live weight f Sheep idead weight f	177.090	+ 4 36°	Turnov	er: 2701 (5BQ1)	
Pigs (live weight)?	90 78p	+ 5.89	GAS O	#L 5/tonne	,	
Pigg (And Mergani	\$368.04	+ 7.8		Close	Providus	High/Low
London daily sugar (raw) London daily sugar (while)	\$4651	+ 15				
Tate and Lyle export price	C343.5	+25	Jul	146.50	143 25	146.50 147.00 146.25 143.50
Tale and Lyle especial		+ 0.S	Aug	146 15	144.00 145.75	148 00 145 00
Barley (English lead)	£105.0w	T U.S	Sep Oct	145.00 150 00	147.25	149.00 148.25
Maile (US No. 3 yellow)	£131.5 £153		Nov	151 50	149 25	151.00 153.00
Whoat (US Dark Northern)			Dec	152 00	151 00	151,75
Rubber (spot) *	60.50	-0.5	T.,,	or 7956 II	lo etaluce	100 tonnes
Burber (Aug) V	64.5p	-1.0 r.00	1 MALION	OT LOCAL IN	I IV-60 OI	AA MINAA
	65.25p	+ 9.5	TEA			
Rubber (KL RSS No 1 Jul)	256.0m			e wore 16.	620 packag	as on offer
Coconut oil (Philippines)5	S550t		inclu	dring 4,800	Dackages	in the cliancre
Paim Oil [Maleysian]5	\$340w				s tho Tea O	
Copra (Philippines)s	\$350	+2				general comand
Souraboards (US)	2207	+ 9.05				st teas fully firm.
Carrage A INCOL	50.30c	T 9.43				of desirer calles
Washing 1645 Superi	6220		plide .	central /	d remained	un attracted solid
	stated p-pe	nce/kg.	some	itimes des	irer Ceylar	is were well
ciaemit/kg. W-A	µg. 2-38₽ ¥	Santa am.	3000	erted aith	ough prices	proved irregular
A Son tMe	at Commissi	All WARE	verv	tirm rates	and the Ke	ileas sold well at mya efferings
orices - chill	October 18 AM	Mar aller	most	ly 2ρ-4ρ đ	egrer. Quat	ations, quality
			195p	(same), re	redium 1275) (same). Isw
WLondon physical market Bullion market close, m-M.	siayalan cen	s/kg	med	um 105p (IWPI.	
Bullion market cleage trans						

833 822	APLINANCIA:, 32
857 847	Cash 17
913 905	3 months 17
901 896	Capper, Grace
912 907	
926 920 937	Cash 15 3 months 15
ots of 10 tonnes	or red 2) beed
(SORs per tonne). Daily	Cash 42
(SOR's per tonne). Daily 8 (1035.80) :10 day ever-	3 months 41
1025.05)	Nickel (\$ per to
	Cash 12
laus High/Law	3 monate 17
1041 955	Tin 15 per tenn
1040 937	Cash 98
1035 945 1043 976	3 months 99
1055 973	Zinc, Special i
1070 1025	Cash 16 3 months 15
iots of 5 farmes	
US cents per pound) for	Zinc \$ per ton
12 (96 17) . 15 day aver-	Cash 15
	3 months 14
ious High/Low	
00 323.60 317,00	POTATOES U
00 305.00 317.00 00 311.00 319.00 00 307.80 300.00	Close
20 307.80 300.00	Nov 130.0
00 304.40 301,60	Fab 150 0
en .	Apr 208.5 May 230 0
20 284.00	Turnover 626 (
vious High/Law	.uniover azq (
00 452 00 443 00	
60 412.00 402.00 00 392.00 391.00	SOYACEAN E
00 381.00 370.50	Clase
00 381,00 310,50 00 372,00 371,00	
50 372,00	Aug 156,5 Cct 149,0 Dec 146,5
(9944)IaL: of 50 lannes.	
enna): Aug 2391 Oct 2679. May 2456. Aug 3450. Oct	Turnover 192 1
	FREDOMT FUT
	Close
revious High/Low	Jul 1373
17.53 17.84 17.58	Oct 1505 BFI 1414
17.14 17.40 17.17 17.42	
17.42	Turnaver 102 (
vidus High/Low	CRAINS Erlon
	Wheat Close
25 146.50 147.00 .00 146.25 143.50	Sep 106.2
.00 146.25 143.50	Nev 109.3
.75 148 00 145 00 .25 149.00 148.25	Jan 113.0
25 151,00 153,00	
00 151,75	<u> </u>
ota of 100 tonnes	Sarley Close
	Sep 104.5
	Nov 108.5
ackages on offer ages in the offshore	
Tea Brokers	Tumover, Whe
g and general comand	Turnaver lots
nontest teas fully firm.	

395	Cash 3 mont	1785 1770	65 5	1805- 1782-
896		Grade A		
907	Cash	1556	.9	1610-
tonnes	Less (per lonn		1501-
er tonne). Daily 0) :10 day ever-	Cash	425-3	0	433.5
07 :10 day 6461.	Nickel	hs 411-1		416 5
ph/Low	Cash 3 mon		3-3000 3-25	12900
1 955	Tin (5 :	or scane)		
40 937 35 945	Cash 3 mont	9950- the 9960-	80 70	9690- 9970-
43 976 55 973		pocial Hig		
70 1025	Cesh	1635- hs 1555-		1585-1 1580-3
lannes	J mont	per lonne		1300-
per pound) for 7). 15 day aver-	Cash 3 mont	1580-	90	1615-
gh/Low				
3.60 317,00 5.00 317.00	PUTAT	Close	Praviou	s HK
1.60 310 00 7.80 300,00	Nov	130.0	120.0	121
4.40 301.60	Fab Apr	150 Q 208.5	140.0 195.9	203
4.00	May	208.5 230 0	217.0	222
8µ/ram	Turnove	er 626 (28	1) lots of	40 to
2 00 443 00		300		
2.00 402.00 2.00 391.00	SOYAD	EAN ME	AL E/tone	æ
1.00 310.50 2.00 371.00		Close	Previou	
2.00	Aug	156.50 149.00	159.00 152.50	155 149
ot 50 tonnes.	Dec	146.50	150.00	148
ię 2391 Oci 2679.	Turnom	er 192 155	liots of 2	O tonn
. Aug 2450. Oct				
	PRESON	ST PUTU	RES \$10/	index p
W-25 d		Closa	Previou	
17.84 17.58	Jul Oct	1373 1505	1380 1505	137
17.40 17.17	BFI	1414	1413	
	Turnav	er 102 (12	5)	
gh/Low	KIAFO	S Erlande		
6.50 147 00	Wheat	Close	Previou	s Hig
6.25 143.50	Sep	106.25	106.25	108
48 00 145 00 19.00 148.25	Jan	113.05	113.15	113
51.00 153.00 51.75				
tonnes	Sarley	Close	Province	в Ни
10111100	Sep	104,59	104.65	10
on offer	Nov Jan	108.50 112.00	108.50	106
ne offshore	Turnes	er Wheat	32 (121)	Design
nerel comand	Turflov	er lots of	100 tonn	93.
as fully firm.				
esrer tales etractes solid	21G3 (Cash Sett	econali n	Oka .
n to ere weil		Close	Previou	
oved irregular	Aug	1129	111.0	111
is sold well at	Oct	116.5 117 g	116.9 117.0	116
na. quality	Feb Apr	110.5 111.3	109.5	105
ame). Isw		er 16 (-) I		110
		10 61 1	o.a or 3,2	w w

Atuminium, 98,7% parity (8 per torme) Cash 1785-63 1905-15 1770-8 1770-8 1770-3 33,254 lots 3 months 1770-5 1782-4 1790/1780 1782-4 1772-3 33,254 lots Cash 153-6-7 1587-4 1590/1505 1598-8 1521-2 74,384 lots Cash 153-6-7 1587-4 1541/1511 1519-20 1521-2 74,384 lots Cash 153-6-7 1587-4 1541/1511 1519-20 1521-2 74,384 lots Cash 153-6-7 1587-4 1541/1511 1519-20 1521-2 74,384 lots Cash 425-30 433,5-5.5 434/431 42.4 Lec3 (2 per tonne) Cash 425-30 433,5-5.5 434/431 42.4 Ship tumover 6,875 to 163-7 414/410 413,5-4 411-2 9,347 lots Ring tumover 6,875 to 1787-14 114-15 1159-20 11525-50 8,609 lots Tri (5 per tonne) Cash 12950-3000 12900-3000 13100/13000 13100-50 8100 to 11775-925 11525-50 8,609 lots Tri (5 per tonne) Cash 9850-80 9890-10020 9900-50 9850-80 1,748 lots Simonths 9860-70 9870-80 9900-50 9850-80 1,748 lots Time, Special High Grade (5 per tonne) Cash 1535-80 1858-80 1858-80 1858-81 1858-85 1858-85 1858-85 1858-85 1858-85 1858-85 1858-85 1858-80 1590/1540 1540-5 1560-5 11,087 lots Direct Special High Grade (5 per tonne) Cash 1580-90 1615-25 1485/1470 1555-85 1490-5 9,347 lots POTATORS Utonne Close Provious High/Low Gold (fine 02) \$ prico 2 equivalent Close Provious High/Low Gold (fine 02) \$ prico 2 equivalent Close Previous High/Low Markett Close Frevious	HOUNCE	WAT!	IL EXCH	rkas.		(Prices suppli	ed try Amelgem	alog Metal Tradin
Cash 1785-63 1805-15 1790/1780 1775-8 1772-9 33,254 tots Capper, Greda, A (C per tonne) Fing turnover 36,800 s Cash 153-6-7 1887-8 1810-3 1590/1505 1508-8 3 months 1516-7 1887-8 1541/1511 1519-20 1521-2 74,384 lots Cash 153-6-7 1887-8 1541/1511 1519-20 1521-2 74,384 lots Cash 425-30 453-5-5 434/431 413-4 411-2 9,347 lots Amonths 411-1.5 416-5-7 414/410 413-8-4 411-2 9,347 lots Asstal (S per tonne) Ring turnover 6,875 s Cash 1295-3000 12900-3000 13100/13000 13100-50 3 months 11800-25 11800-50 11950/11700 13775-525 11925-50 8,609 lots Tin (S per tonne) Ring turnover 185 s Tin (S per tonne) 9900-50 990		Clas	A	Previous	HISTYLOW	AM Offic	tal Kerb clos	e Open Interes
3 months 1770-5 1782-4 1790/1780 1762-4 1772-3 33,254 lob	Alumbrium	G, 59.7	% purtly (per tonne)			Ring tu	mover 21,675 ton
Cash 15,5-9 1610-3 1536/1535 1538-8 1521-2 74,394 lots amonths 1516-7 1587-8 1541/1511 1519-20 1521-2 74,394 lots cash 1516-7 1587-8 1541/1511 1519-20 1521-2 74,394 lots cash 1525-3 434/431 413-4 411-2 9,347 lots shows 411-1.5 416-5-7 414/410 413.5-4 411-2 9,347 lots shows 411-1.5 416-5-7 414/410 413.5-4 411-2 9,347 lots shows 1690-25 11500-300 13100/13000 13100-50 Ring turnover 1,148 stores 11500-25 11500-300 11950/11700 13779-825 11925-50 8,609 lots Ring turnover 185 stores 11500-30 11950/11700 13779-825 11925-50 8,609 lots Ring turnover 185 stores 11500-30 11950/11700 13779-825 11925-50 8,609 lots Ring turnover 185 stores 11500-30 11950/11700 13779-825 11925-50 8,609 lots Ring turnover 185 stores 11500-30 11950/11700 13779-825 11925-50 8,609 lots Ring turnover 185 stores 11500-30 11950/11700 13779-825 11925-50 8,609 lots Ring turnover 185 stores 11500-30 1500-50 1500-50 1,745 lots 11500-50 1500-50 1,745 lots 11500-50 1500-50 1500-50 1,745 lots 11500-50 1500-50 1500-50 1,745 lots 11500-50 1500-50 1500-50 1500-50 1500-50 1,745 lots 11500-50 1500					1790/1750		1772-3	33,264 lots
Second S	Capper, G	roca :	(E per to	nne)			Hing tu	mover 36,800 ton
Cash 429-30 433.5-6.5 434/431 43.5-4 411-2 8.347 lots 3 months 411-1.5 416.5-7 414/410 413.5-4 411-2 8.347 lots 12950-3000 12950-3000 13100/13000 13100-60 11925-50 8.509 lots 7tn (5 per tenne) Ring turnever 1.146 it 12950-3000 12950-10020 9900-50 Ring turnever 185 it 1500-25 11800-30 11950/11700 11773-825 11925-50 8.509 lots 7tn (5 per tenne) Ring turnever 185 it 125-30 9900-50 9							1521-2	74,394 lots
Smonths 411-1.5 416 5-7 414410 413.6-4 411-2 9.347 total	Less (2 p	or long	e)				filmg t	umgver 6,675 ton
Cash 12950-3000 12900-3000 13100/13000 13100-60 3 mornits 11800-25 11800-50 11950/11700 11775-625 11925-50 8,609 lots Tin [5 per tennet							411-2	9,347 tota
3 months 1980-25 11800-30 11950/11700 11775-825 11925-50 8,600 lots Ring turnover 155 s	Nickel (\$ p	Per for	n4)				Ring t	umaver 1,148 for
Cash 960-80 9990-10020 9900-50 950-80 1,746 tets 3 months 960-70 9970-80 9900-50 950-80 1,746 tets 2 months 960-70 9970-80 9900-50 950-80 1,746 tets 2 months 1855-80 1858-85								6,600 lots
3 months 9960-70 9970-80 9960-80 1,748 lets	Tim (5 per	tenne					Ring	turnover 185 km
Clash							9960-80	1.745 tota
Solution Section Sec	Zinc. Spor	det His	n Grade (S per tonne)			Rung t	urnover 2,775 ton
Cash 1580.90 1615-25 1485/1470 1555-65 1490-5 9,347 lots					1635/1630 1990/1540		1560-8	11,067 lets
Turnover 626 (281) lots of 40 tonnes. LOWBOOM SULLION MARKET	Zinc \$ pe	r lonn	0)				Aling 1	umover 3,150 ton
Close					1485/1470		1490-5	9,347 lots
Close Previous High/Low Mapeloat Sprice E equivalent	Nov 1 Fob 1 Apr 2 May 2	30.0 50 0 08.5 30 0	Provious 120.0 140.0 195.9 217.0	120.0 119.0 208.5 198.3 222.0 216.0	5	Gold (fine oz Close Opening Marning hx Ahamoon fix Day's high	\$ prico 375-375½ 375-375½ 375.4 374.5 375½-375	£ equivalent 237 ½-238 239 ¼-240 ¼ 238.88
Aug 158,50 159,00 155,00 Britannia 385,301 24472-24772 Cct 145,00 152,50 149,50 148,00 Britannia 385,301 24472-24772 Dec 146,50 150,00 148,50 US Eagle 385,300 244-247 Turnover 193 155)lots of 20 tennes. Krugerrand 374-877 New Sev. 274-89 55-6674 Noble Plat 505,75-513,85 327,238,35	SOYACE	N ME	AL C/tono			Coins	\$ price	£ equivalent
	Aug 1 Cet 1 Dec 1	56.50 49.00 46.50	159.00 152.50 150.00	155.00 149.50 148 148.50	.00	Britannia US Eagle Angel Krugerrand New Sov. Old Sov.	385-391 385-390 374-877 8814-89 8814-89	24412-24712 24412-24712 244-247 237-238 56-5614 58-5514
	PRESONA	FUTU	RES \$10/1	ndex point		Noble Plat	505.75-513.85	327.2-328.35

			Day's low	2734-3734	
N ME	AL E/tompe		Coins	\$ price	
lose	Previous	High/Low		386-391	
56.50 49.00 46.50	159.00 152.50 150.00	155.00 149.50 148.00 148.50	- Mapleloet Britannia US Eagle - Angel	385-391 385-391 385-390	
193 155	lots of 20	tonnes.	New Sov. Cld Sov. Noble Plat	374-377 8814-89 8814-89 505.75-513.1	15
FUTU	RIES \$10/Inc	ex point	110010 1 144		•
losa	Previous	High/Low			_
313	1380	1375 1370	Silver fix	p/fine oz	
505 -14	1505 1413	1505 1500	Spot 3 months	331,05 342,85	
102 (12	a)		6 months 12 months	354.70 377.95	
(lonné			LONDON NO	TAL EXCHAI	GE
loge	Previous	High/Low	Alumbrium (99.7%) C	atla
06.25 09.30	106.25	109.60 109 45	Strike price	\$ tonne Sep	No
13.05	113.15	113.30 113,15	1700	108	99
			1800 1900	55 23	52
lose	Provious	High/Low	Copper (Gra	de A) C	aiis
04.29	104.65	194.85 104.75	2250	175	15
08.50 12.00	168.50 111.80	108.70 108.65 112.00 111.80	2350	118	100
Wheat	32 (121), B	alley 65 (33).	2450	73	71
ucs of	100 tonnes		LONDON FO	X TRADED C	PTK
			Coffee	Step	No
	emanii pik		- 900	82	16
1000	Dame	I Habit ave			

Cocos

111.5 116.0

ent	eor		Previous	High/Low	
		Close			
4	لنال	378.4	374.6	0	0
-	Aug	361.1	377.3	381,5	377.2
	Sep	383.1	379.3	382.0	380.0
	Oct	385.0	351.3	386.0	381.5 385.3
	Dec	389.1	386.4	388.5	360.1
	Feb	393.2	389.5	360.5	300.1
	Apr	397.3	393.6 397.7	0	ŏ
ent	Jun	401.4	401.8	405.0	405.9
<u>k</u>	Aug	405.5			402,9
12	SELVE		by oz; tent		
12		Close	Previous	High/Low	
	Jul	503.0	515.5	523.9	517.5
	Aug	526.8	519.6	a	0
	Sep	531.5	524.3	631.9	525.5
76	Dec	543 8	536.6	544.0	538.0
35	Jan	547.1	539.9	0	0
	Mar	554.B	547.7	\$53.D	563.0
	May	562.8	555.e	559.Q	559.0
W	Jul	571.1	563.6	566.5	567.5
	5ep	579.4	S72.1	8	0
	Dec	591.2	583.9	581.5	590.0
		ER 25,000	ibe: cents/	bs	
		Ciose	Previous	High/Low	
	Jut	101.00	165.80	103.70	100.80
PHONS	Auc	100.70	104.65	0	9
	Sep	100.45	103.00	101.50	99.80
HC9	Oec	98 95	101.20	100.50	98.65
Nov	COCC	A 10 tons	106;\$/Torunes		
46		Close	Previous	High/Low	
95 164	Jul	1222	1219	1233	1224
	Sep	1241	1229	1258	1235
T.	Dec	1279	1252	1302	1271
84	Mar	1290	1272	7394	1285
	May	1300	1251	1302	1300
132	Juj	1315	1287	0	0
192		1525	1319	g	8
	Sep		0	Ö	ā
	Dec	1333			<u>-</u>
	COFF		600°05; cor		
Nov		Close	Previous	High/Low	
120	Jul	97.63	113.70	110.50	93.76
146	Sep	93.84	108.05	105.90	92.75
128	Dec	99,50	105.50	104.00	99.50
	Mar	101.79	107.79	105.00	191.79
Dec	May	104.50	110.50	108.00	104.50
	Jul	104 00	110.00	108.00	104.00
18					100 00
18		105.00	111.00	107.50	105.00
18 31 53	Sep	105.00	111.00	9	0

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AFP GROUP PLC 30th June 1989

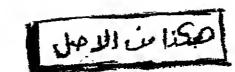
AFP Group PLC has today announced that it will seek to adjourn the Extraordinary General Meeting of shareholders to be held on 4 July 1989, to 11.00 am. on 21 July 1989 at Le Meridien Hotel, Picadilly, London.

The adjournment will be recommended by Directors to allow shareholders to consider any further release of information by Elders IXL Limited as foreshadowed by its announcement on 29 June 1989.

For further information, please contact: P.M. McMahon 010 33 93 25 3022

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LONDON STOCK EXCHANGE

Little strength behind equity rally

A CAUTIOUS rally in the UK stock market was restrained yesterday by discouraging reports on economic progress on both sides of the Atlantic. on both sides of the Atlantic. Share prices made a brave start in early dealings but turnover was lamentably thin and it was left to a batch of bid and other special situations to provide the features of the day.

London drew some cheer towards the end of its own trading sassion by Wall trading session by Wall Street's firm opening in the face of a report from purchasing managers suggesting a fur-ther slowdown in the American economy last month. It was the disclosure of an unex-pected downturn in the US

That Dealings: Jun 19 Jul 3 Jid 17 Jut 13 Jul 27 Jul 14 Jul 28 Jul 10 Jul 24 Aug 7 ow these dealings may take place from \$ are two business days, certier

economy in May which prompted last week's setbacks in both the Wall Street and UK stock markets. However, inter-national funds were clearly unwilling to take new decitoday of US markets for Inde-pendence Day. endence Day. London share prices moved

ahead at the opening of the equity sector, encouraged by a firmer performance by sterling and an easing in domestic money market rates. There was little institutional activity, however, as shares drifted upwards to show a gain of just over 11 points on the FT-SE scale. Little heed was paid to data on UK retail sales (revised) and credit business

Seaq volume of 410,8m spares compared with only 550.4m on Friday Gains were scattered across the range of the market but traders had little to do.

The features of the day stood out all to clearly against the generally drab backcloth. Ward White responded vigorously to an £800m bid from Boots, whose shares fall sharply Prices came off the top fairly quickly and confidence was despite Ward White's rejection; the market sensed another bid subdued throughout the session. The market closed on an fight in the retailing sector and believes Boots will have to pay unenthusiastic note, with trad-ers resigned to a difficult week which takes in both the US

was 14.6 up at 2,165.6, while

Seaq volume of 410.8m shares

A further fall in Pleasey

GrandMet closed 7 firmer at

another one day transport shares followed confirmation strike in the UK.
At the close, the FT-SE Index that talks are planned with GEC, aimed at settling the protracted hid battle between the two electronics/defence companies. The market has been growing increasingly ner-yous as it has waited for the Ministry of Defence to give its ruling on the proposed GEC/ Siemens bid for Plessey.

Consolidated Gold Fields continued to edge closer to the £15 price which the market is convinced Hanson will agree to pay for the equity of the min-ing and industrial giant; turnover increased significantly, although there were no new developments in the saga yes-

but parent company Racal Electronic managed a 5 gam at

434p, albeit in thin turnover of

2m. Amstrad were an erratic market, initially slipping to 73p. rallying to 82p and then closing a net 3 harder at 81p. Thilever's \$306m acquisition of Calvin Klein Cosmetics was

ell received by the market.

Mr Carl Short, analyst with broker Kitcat and Aitken,

edged up his forecast for cur-rent year profits by £20m to £1680m. The stock closed 6 bet-

hid. Although the acquisition from BSN removed the likeli-hood of a hid from Pepsico,

said analysis, it was still possi-ble that the US group might make an offer for UB's Wimpy

and Pizzaland restaurant

chains. UB shares have also been buoyed recently by talk of

Swiss interest. Gestetner see-sawed in early

trading after the stock went ex

dividend and the company

announced the £71m purchase of Australian-owned Hanimer.

The initial fall was soon com-

pensated for when dealers con-sidered the deal in detail and a

mixture of institutional and

speculative buyers moved in. Mr Peter Joseph, analyst at

Smith New Court, said that the deal was "good value for money," But he warned that there was "concern over the

earnings dilution implications of nil paid convertible prefer-

FINANCIAL TIMES STOCK INDICES Low High (9/1/35) (3/1/75) (14/6) 95.21 (13/6) 1791.6 1784.5 1909.6 1832.4 1829.7 1837.5 (3/1) 4.43 10.43 11.57 Offi. DL Yield Earning Yiel %(full) P/E Ratio(Net)(iv) SEAG Bargains(Spm) Equity Turnor(Em)t Equity Bargainst Shares Traded (mi)t Ordinary Share Index, Hourty changes Opening 010 am. 011 am. 012 pm. 01 pm. 02 pm. 03 pm. 17844 17802 17858 1787.0 1787.8 1789.8 17868 DAY'S LOW 1784.1 DAY'S HIGH 1791.7 Basis 100 Govt. Secs 15/10/25, Fixed Int. 1925, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, tritll 11.35 (Excluding Intra-ma-business. "Official recalculation following data error.

(28/11/47) (3/1/75) 154.7 734.7 43.5 (17/2) (15/2/83) (26/10/71) . S.E. ACTIVITY 103.9

Plessey tumbles again

Plessey shares were given another rough ride in the mar-ket yesterday after weekend ket yesterday after weekeno Press reports confirmed that GEC/Siemens had been holding talks with Plessey over the possibility of buying Plessey's 50 per cent stake in the GPT telegrammunications joint ventelecommunications joint ven-ture, and that a full bid for Plessey might not therefore

Sold hard late on Friday afternoon when suggestions of the talks began to filter into the market, Plessey shares dropped even more sharply yesterday, touching 229p at one point before steadying to close a net 17 off at 238p. Turnover was 11m shares, much higher than usual.

Sector specialists were tak-ing the view that discussions between GEC/Siemens and the Ministry of Defence over condi-tions for the duo to re-bid for tions for the duo to re-bid for Plessey had reached an advanced stage, as had the talks with Plessey over the latter's GPT stake. "We are expecting hard news some time this week," said one. He added that if Plessey was to sell the GPT stake, for perhaps some \$700 to \$750m, then the GEC/Siemens 15 per cent stake in Siemens 15 per cent stake in Plessey would possibly also be part of the deal,

"But it makes you wonder if GEC is talking the Plessey share price down ahead of launching a bid much lower than the market expects," said one analyst. The original hid quent market raid carried out at 245b a share. GRC slipped 1% to 258%p-on turpover of 8.8m shares. A Sign role to See

Ward White bid

The long-awaited bid in the Stores sector arrived in the shape of an 2800m offer for Ward White from Boots, and judging by the closing prices the market expects a long fight. Ward White, after an early raid by broker Kleinwort Benson, on behalf of Boots, fin-ished the day 117 higher at 442p, well above the 400p offer for the ordinary shares. Boots closed 21 lower at 269p on turnover of 16th.

Boots already has 10.65 per cent of its target, the bulk of which was acquired last week at 315p. Dealers believe Boots will have to raise its offer, perhaps to as much as 460p, to pick up more stock. One US securities house, Morgan Stanley, has already placed a break-up value of 500p a share break-up value of 500p a share on Ward White. The Boots price fell sharply

because of concern about the effect on earnings, said analysts. "Boots says there will be no dilution, but this is based on figures only up to January 1990; on a full year basis there would be dilution, even if the offer stays at 400p," said one.
"What is worrying is that
Boots has made a bid but has
no obvious way to drive earnings ahead," said another.

Carlton placing

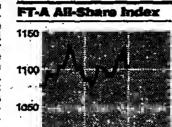
A 260m placing and analysts' switch recommendations com-bined to depress Cariton Communications, down 6 at 818p. The stock also went ex a 3.06p dividend. Two new instru-ments, Carlton Communications New and a convertible preference share, began trading. Both are consequences of Carlton's £500m takeover of UEI, 100 UEI shares are exchangeable for 56 Carlton New plus 229 of the convert-ibles.

BZW and Shearson Lehman jointly placed 5.7m new shares at £8 - the result of the conversion of Cariton's own holding in UKI – and the convertible at £1. The placing was oversubscribed. The new shares cannot be bought in the US and the absence of poten-tial buyers there meant the new stock closed at a 5p discount to the old. The distinction between the two ends after six months. The convertible closed at 163p after touching 105p.

Ms Bronwen Maddox, at

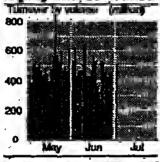
Kleinwort Benson, recom-mended switching out of Carlton into the convertible -yields are about 8 per cent and 1 per cent respectively. "Carlton's 14 times rating overesti-mates the predictability of its performance. The company has done so many hig deals in a short time it is difficult to messure underlying growth, said Ma Maddor. The switch sugges-flow was echoed by Mr Jason Crisp, at County NatWest WoodMac. He added that Carlton's shares may be week short term as investors with both UEI and Carlton adjust their

Goode Durrent, the financial services group, gained 6 to 1340 after news that FAI Insur-ances, the Australian group, had sold its 14.9 per cent stake



holiday and the threat of

Equity Shares Traded



the company to Winnedsel NV., a company controlled by the Nash family trusts; Winnedael already holds a 5.25 per cent stake in Goode Durrant and said that in order to comply with Bank of England regu-lations it would place control of shares in excess of 15 per cent of Goode Durrant - some 2.55m shares — with Gilbert Ellott, the stockbroker. Studes in the market suggested that given Bank of England permis-sion. Winnedael would eventually make a full bid for Goode

Life assurances made prog-ress and were featured by Prudential where dealers said strong Continental buying had lifted the shares 5% to 176%p on turnover of 3.4m.

Sun Alliance were quoted at 279p after being adjusted for the four-for-one acrip issue. London United suffered badly, shimping to 57p at one point after a Press report suggesting a subsidiary could face insur-ance claims of up to \$300m; a subsequent attenuous rebuttal of the report by London United of the report by London United caused a late rally to 60p, a net decline of 8.

Scottish & Newcastle were traded nervously sheed of the full-year results. The market range for today's figures is

£133m to £140m, but what con-cerned dealers most yesterday were stories that the company will sell its Thistle Hotels sub-sidiary, purchase a controlling stake in Holland's Center Parcs, and acquire the brewing operations of a big UK brewer, possibly Grand Metropolitan. S&N ended only 2 higher at 337p on light turnover, while

heavily traded, the stock adding 7 at 321p on turnover of 8.4m shares. Dealers nighted one large trade of 2.2m shares. Newsrthill shares rocketed 380 to 2380p after the board revealed plans to buy back up to 25 per cent of its aboves at £24 a share via a tender offer. Attwoods were down around 25 at one point as the market got wind of an adverse TV pro-gramme, but later picked up to

> at 480p. Coalite moved up 6 to 482p smid market hopes that Angio United will soon increase its bid terms from the current

close only 4 down on balance

425p a share. The oil sector made good progress, boosted by a strong performance from crude oil prices responding to voluntary production cuts by Abu Dhahi and the possibility of strikes by maintenance workers on North

Ultramar were among the best performers and put on 7 to \$17p after a report that the company is close to selling four of its six oil/bulk ore ships for \$37m spiace, thereby rus-ing some \$148m. BZW took a positive view of the deal and reckoped it would add 55m to earnings in a full year and

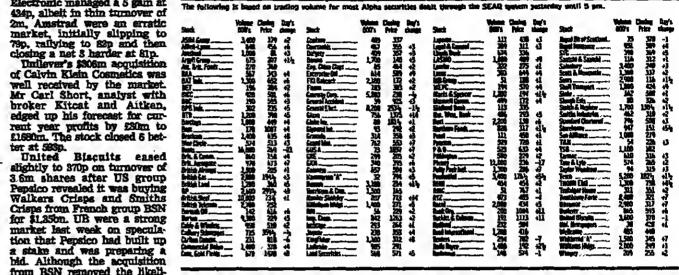
strengthen the balance sheet. Enterprise jumped 9 to 589p, after 588p, with dealers noting that the first move by Elf's new head of operations was to put \$500m into upstream operations via its Nigerian seets purchase.

ened by the bid for Ward White, turnover remained light. The exception were Bur-ton, which added 3 at 225p as 9.3m shares went through the

sympathy with the Ward White bid, while Kingfisher gained 8 at 312p on relief that it was not the predator. Next advanced 6 to 1380 in

Speculation that GEC might buy the Plessey GPT state, leaving Plassey with its defence-related businesses, immediately sparked market stories that Pleasey would use the money from GPT to launch a bid for Ferranti, the troubled defence electronics group. Ferranti, hit by a profits warning two weeks ago, is scheduled to reveal preliminary figures on July 14. Turnover in Ferranti expended rapidly to 11m, but the share price could only manage a penny rise to 380. Excal Telecom fell 6 to 3859

TRADING VOLUME IN MAJOR STOCKS



ence share holding by Australian investment group AFP, which effectively runs Gester-ner." AFP will only hold a majority of Gesteiner shares if its convertible holding is paid up and converted. Gesteiner Ord closed 22 better at 292p. Carclo Engineering announced a 13 per cent rise in

pre-tax profits but warned that margins were beginning to eroded. The stock fell 8 to 139p. AAH Holdings climbed 11 to 408p ahead of year end figures tomorrow. USM-quoted REF Group added 7 at 133p following presentations to institu-tions last month.

News that Prestwich Holdings was back in offer talks had been well leaked in the market. "Most of the bus was done last week," said one marketmaker.

The company has mentioned 140p as a possible price per share, although Mr Angelos Anastasion, analyst with bro-ker Panmnre Gordon, suggested that institutions would be unhappy with less than 150p. Prestwich closed 8 better at 130p on turnover of 836,000 shares,

Jaguar gained 4 to 353p after a US fund manager's selection of the stock was reported in the financial magazine Barron's. Lucas Industries benefited as marketmakers shuffled their trading positions and the shares rose to 648p before end-ing 4 up on balance at 644p. Of the day's two debutant issues, uniform manufacturer Wensum were well-traded, peaking at 86p before easing back to settle at 88p and a 18p premium on the placement price of 70p, while Ensor, a diversified building materials and motor group, ended the day at 102p after being intro-duced at 100p. Relief that the annual profits

were better than some of the more pessimistic forecasts raised Textured Jersey 4 to 130p while Dawson Interna-tional progressed to 214p as analysts reported favourably on last week's tour of the group's US operations. Cour-taulds, higher still at 355p, remained the choice of many investors along with BAT industries which advanced 6 to

Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 24

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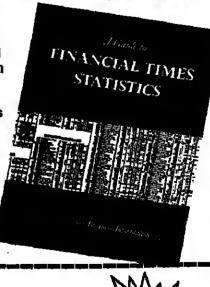
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Futures and options • Currencies and money · British economic statistics • Financial Times **Statistics** Service • Appendix: how the statistics are arrived at. **Published** June 1989



APPOINTMENTS

Wimpey senior post

m Mr Joe Dwyer has been appointed a group managing director of GEORGE WIMPEY with responsibility for Wimpey Contracting and Wimpey Minerals. He joined the company as a junior engineer in 1955, and went on the group-executive board in 1983. He has been deputy chairman, Wimpey Contracting, and chairman of Winney Minerals since his appointment to the main board in 1988.



Sir Edward Johnston (above), former Government Actuary, and president of the Pensions Management Institute, becomes a director of NOBLE LOWNING ACTUARIAL SER-VICES today.

■ GERRARD VIVIAN GRAY. stockbroking subsidiary of Gerrard & National Holdings, has appointed Mr Angus Bain as an associate director in charge of institutional sales-from July 17, He jours from Societe General Strauss Turnbull Securities, as does Mr Laurence Dunce becomes a senior institutional sales manager Subsequent to the acquisition of Spencer Thornton Northcote, the Thornton Northcore, the following have been appointed associated directors: Mr G.F. Barker, Mr H.W. Everett, Mr J.K. Hoskin, Mr D.S. Ridout, Sir Christopher Royden, Mr F. Taverner, and Mr B.E. When the Mr B.E. When the Mr B.E. When the Mr B.E. When the Mark Seatle, who Ward, Mr Mark Seatle, who was marketing director at Thornton Investment Management and now runs GVG's unit trust asset management service, also

Mr John Lake, head of sales, has been appointed managing director of GREENWELL MONTAGU GILT EDGED, part of Midland Montagu. international and investment benking arm of Midland Group, He succeeds Mr Steven Postori who is juning Salamon Brothers

becomes an associated

International. TIFFANY & CO has appointed Mr Charles Noel as its European finance

Mr Michael Rolinson has taken over as managing director of ASH & LACY



become general manager of the BRITANNIA BUILDING SOCIETY following the retireat of Mr Roy Griffiths. Mr Fenton was deputy general manager.

PRESSINGS, succeeding Mr Tony Parr who is joining A.J. Williams Holdings. Mr Rolinson joins from Darchem Aero where he is general

Mr Ray Paramer has been appointed chairman and managing director of WILMOTT DIXON DESIGN AND BUILD. Mr Paramor was formerly with the Comper Group. He also joins the board of Wilmott Dixon Holdings. the parent company.

At RINGLAN COMPONENTS Mr Ray Jackson has become commercial director. He was formerly director of industry for Corby. The INSOLVENCY

PRACTITIONERS
ASSOCIATION has appointed
in Stephen J.L. Adamson, a
partner in Arthur Young, as
its treasurer, Mr C. Garth Macgirr has become president and Mr Richard A. Gitlin vice

Mr Stewart Hamilton has become deputy managing director of CITY MERCHANTS

MERRETT HOLDINGS, a Lloyd's underwriting agency, has appointed hir Dennis Parkies to the board. He is the underwriter on non-marine syndicate 421 and managing director of one of the group's managing agency subsidiaries Merrett Underwriting Agency Management. Mr John van der Hagen joins the board as a non-executive director.

z Mies Susan Govier, an istant secretary of THE TAKEOVER PANEL, has been made joint secretary.

At TR PROPERTY INVESTMENT TRUST the Marques; of Tayistock is to resign as chalman at the amuel meeting on July 27. He will remain a director of the company and its subsidiaries. Mr Anthony Arnaud, vice chairman, will succeed him as chairman at that time.

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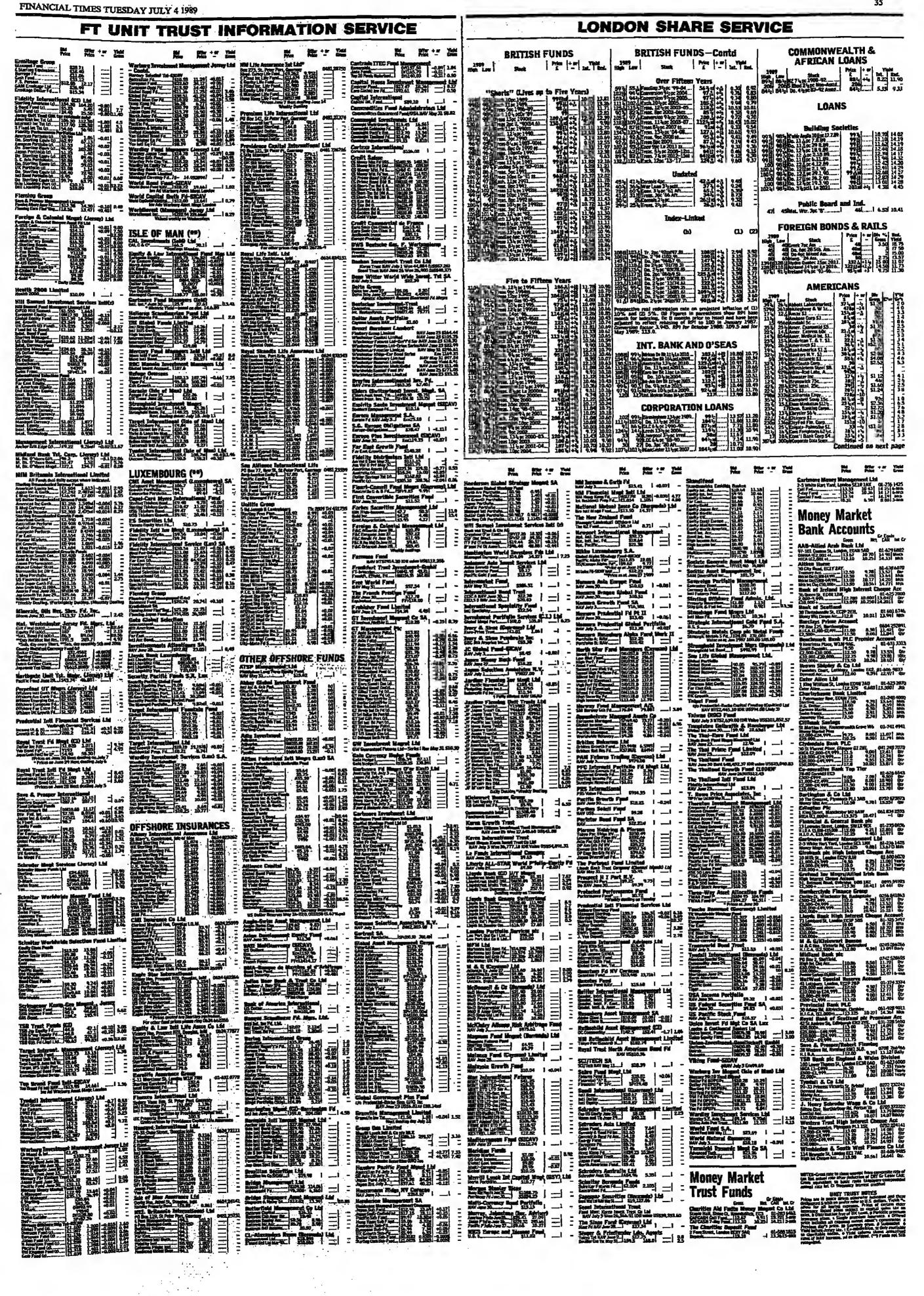


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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar falls through support

THE DOLLAR fell through technical support levels against the D-Mark and the Japanese yen yesterday. The currency's failure to rally, after failing through support at DM1.9380, posed the question of whether the dollar has finally run out of steam. The finally run out of steam. The DMI 30 level is regarded as an important point, which if bro-ken may signal the end of the

dollar's recent advance. Yesterday's downward trend began in the Far East. After opening higher in Tokyo, at Y144.75, the dollar lost ground when the results of the Tokyo Metropolitan Assembly elections were known. The ruling Liberal Democratic Party, gained only 43 of the 128 seats, losing control of the Assembly to the socialists.

The yen's raily was the result of profit taking - as traders unwound long dollar positions taken out before the elections taken out before the elec-tion - and intervention by the Bank of Japan, pushing the US currency through a technical support point at Y143.70 and triggering stop loss selling orders, taking the dollar down to Y142.50 at the close. Dollar sales by the Bank of Japan were estimated at around \$500m. Recent heavy intervention by the Japanese

intervention by the Japanese authorities produced a fall of \$6.23bn to \$89.46bn in Japan's official reserves at the end of

E 1	RR	EAN A	ORK
July.3	Lat	test	Previous Clase
Spot 1 worth 3 months 12 months oracard premi	1.70- 6.70-	0.55pm 1.67pm 6.60pm	1.5530 - 1.5540 0 &2-0.60pm 1 &2-1.74pm 7.05-6.95pm ply to the US dollar
STI	RLI	1G II	IDEX
		_ July.	3 Previous
8.30 am 9.00 am 10.00 am 12.00 am 1.00 pm 2.00 pm 3.00 pm		90.1 90.1 90.1 90.1 90.1 90.1	90.2 90.2 90.2 90.2 90.1 90.2 90.2
CUR	REN	CY R	ATES
July.3	Bank rate %	Speckal Drawin Rights	Carrency
terling#	7	1.2437: 1.2463	5 1.46780 9 1.07031

July.3	rate %	Drawing Rights	Carrency Unit
French Frant: Italian Lira; Japanese Yen; Morway Krone; Spanish Peseta; Sweitsh Krona; Sweitsh Krona; Greek Drach; Irish Poot;	715 5.00 5.50 912 1312 913 913 2012	1.24375 1.24675 1.49355 17.1416 50.9898 9.46384 2.43358 2.74455 8.27104 N/A 179 605 8.98172 154.961 N/A N/A	1.46780 1.07031 1.28009 14.5785 43.3127 2.06856 2.33134 7.02389 1497.47 152.305 7.57028 130.813 7.04046 1.77350 178.549 0.778575
# Sterling quote	d in term	of SDR and	ECU.per £

r European Commission Calculations, All SDR rates are for June 30				
CURRENCY	MOVE	MENTS		
July.3	Bank of England Index	Morganeo Gearanty Chaoges %		
Sterling U.S. Dollar Canadian Dollar Austrian Schilling Belgian Franc Danish Krone Deutsche Mark Swiss Franc Getider	90.8 71.1 103.5 106.6 106.1 103.4 113.0 108.0 110.5	-28.8 -5.7 -0.0 +9.7 -5.9 -1.6 +20.5 +17.0 +13.5		

OTHER CURRENCIES				
July.3	u	5		
Argentina Australia Brazil Finland Greece Hong Kong Iran Acres/Sch) Kureatt Lucembourg Mallysia Merico M. Zealand Sanul Ar Simpaove S. At (Con) Talwan U A.E. U A.E.	409.25 - 412.45 2.05560 - 2.0556 2.16590 - 2.0556 2.16590 - 2.1815 6.8545 - 6.8670 12.2580 - 12.2540 114.707 1027.85 - 1034, 103 42.75 - 6.185 4.225 - 4.2400 393).75 - 392.00 2.7550 - 2.7400 5.8565 - 5.8555 3.0770 - 3.0840 4.3180 - 4.3270 40.65 - 40.75 5.7305 - 5.33705 40.66 - 40.75 5.7305 - 5.7355	200.00 - 282.00 1.3085 - 1.3095 1.3780 - 1.3850 4 3620 - 4.3840 166.25 - 167.95 7.7970 - 7.7990 624.60 - 670.00 7.350 - 0.29030 - 0.29035 40.40 - 40.50 2.6970 - 2.5090 2.500.00 - 2.510.00 1.7405 - 1.7435 3.7490 - 3.7500 2.590.25.00 2.590.26.00 3.750 - 4.6570 2.590 - 26.00 3.750 - 3.600 3.6725 - 3.600 3.6725 - 3.600		

MONEY MARKETS

OTHER CURRENCIES						
July.3	٤	5				
Argentina Australia Australia Grazil Finland Grecc Hong Kong Iran Acres/Sch) Kuwait Luceshourg Malaysia Merico B Zealand Saudi Ar Singapore S. Af (Cm) S. Af (Fe) Talwas U A.E. U A.E.	497, 25 - 412.65 2.0560 - 2.0585 2.1690 - 2.1815 6.8545 - 8.6570 259.60 - 254.10 12.7580 - 12.2540 10.46.20 - 0.46570 43.75 - 63.87 4.2753 - 6.48 4.2753 - 2.7400 5.8565 - 5.855 3.0770 - 3.0640 4.3180 - 4.3240 4.6245 - 6.3705 40.65 - 40.75 5.7305 - 5.7355	200,00 - 262,00 1.3085 1.3095 1.3780 1.3850 1.3780 1.3850 165,25 - 167,95 7,7870 7,7890 73,599 664,60 670,00 0.29630 - 0.29635 40,40 - 40,50 2,6970 - 2512,00 1,7405 1.7435 3,7490 - 3,7500 2,745 - 2,7560 2,745 - 2,7560 2,90 - 26,00 3,745 - 3,750 2,90 - 26,00 3,750 - 3,750 3,760 - 3,675 3,760 - 3,675				
	"Selling rate					

Slightly so	ofter tone
INTEREST RATES were slightly lower in London yesterday, helped by a stronger pound. A further rise in May retail sales and an increase in new credit business appeared to have little effect. Three-month interbank money fell to 14½-14 per cent from 14½-14½ per cent. While the market took note of yesterday's data, the real test for sterling and	In Frankfurt, call money stayed close to the 7 per cent Lombard rate. The drain on interbank money is partly a reflection of commercial banks paying back Lombard borrowings taken out last week before the rate was increased from 6.5 per cent. Traders are uncertain about interest rate trends despite the Bundesbank's decision to allocate funds this week at a fixed 6.60 per cent. While this is well below the 7
UK clearing bank base lending rate	per cent Lombard rate, there is

interest rates is likely to come next week when data on pro-

next week when data on producer prices, average earnings and inflation are released.

The Bank of England forecast a shortage of around £100m. Factors affecting the market included bills maturing in official hands and a take up of Treasury bills, together with repayment of late assistance draining £1,358m. These were partly offset by Exchequer transactions which added £700m, and a fall in the note circulation of £510m. In addition, banks brought forward tion, banks brought forward

balances £50m above target. There was no assistance offered by the Bank during the morning or afternoon. How-ever, the forecast was revised to a flat position and the Bank gave late assistance of £100m.

In London the dollar closed at Y141.25 compared with Y144.00 on Friday. It also fall to DM1.9285 from DM1.9545; to SF1:65:55 from SF1:6785; and to FF76.5500 from FF76.6350. On Bank of England figures the dollar's index declined to

71.1 from 71.9.
Speculation that a slowing US economy will result in an easing of the Federal Reserve's Monetary stance undermined confidence in the dollar. The Federal Open Market Commit-tee meets tomorrow to review monetary conditions at a time when the economy appears to by contracting and lears are increasing of a possible reces-

According to yesterday's survey by the US National Association of Purchasing Management the economy slowed in June, with the NAPM index falling to 48.8 per cent, from 49.7 per cent in May. The fig-ure was not as low as some

50 per cent suggests the economy is in decline.

Sterling was firm. The UK
Treasury played down the importance an upward revision to 3.0 per cent from 2.5 per cent in final May UK retail sales growth, and the market showed little reaction. showed little reaction

Sentiment has improved in London after last week's publi-cation of better than feared UK trade figures. Thursday's rise in West German interest rates has so far falled to push the pound lower and against a background of rising optimism sterling gained 2.85 cents to \$1.5775. It also climbed to DM3.0425 from DM3.0275; to SFr2.6100 from SFr2.6200; and to FFr10.3325 from FFr10.2775. to FFr10.3325 from FFr10.2775,

but eased to Y222.75 from
Y223.00. The pound's exchange
rate index rose 0.6 to 90.8.
Average rates against the
dollar in June were: sterling
\$1.5538; D-Mark 1.9784; Yes
143.95; Swiss franc 1.7073; and
French franc 6.7135.

	orecasts, but any result under French franc 6.7135. EMS EUROPEAN CURRENCY UNIT RATES						
	Ecu central rates	Carrency amounts against Eco July 3	% change from Central rate	% change adjusted for divergence	Disergence (Sept. %		
Belgian Franc	42,4582 7,85212 2,05853 6,90403 2,31943 0,768411 1463,58 133,804	43.3127 8,04443 2,06658 7,02389 2,33134 0,778575 1497,47 130.813	+2.01 +2.45 +0.49 +1.74 +0.51 +1.32 +0.94 -2.24	157 157 157 157 157 157 157 157 157 157	±1.5424 ±1.6419 ±1.1019 ±1.3719 ±1.5019 ±1.6689 ±4.0815		

POUND SPOT- FORWARD AGAINST THE POUND							
July 3	Day's spread	Clase	One worth	% pa	Three mosths	74	
	1.5565 - 1.5800	1.5770 - 1.5780	0.63-0.60com	4.68	1.78-1.73pm	4.4	
nada hertands.	1.8720 - 1.8900 3.41 - 3.434	1.8835 - 1.8845 3.424 - 3.434	0.30-0.23com 21-13com	1.69 7.00	0.05-0.72pm 51-63-pm	16	
gium	63.30 - 64.05	63.75 63.85	32 20cm	564	95-79cm	6.3 5.1 4.1	
mark	11.78 - 11.87 1	11.8312 - 11.8412	41-41-creper	4.37	124-12m	4.18	
	1.1400 - 1.1480	1.146 1.1455	0.45-0.40pms	4.45	1.15-1.05om	3.8	
Cermany	3.024 - 3.044	3.04 - 3.044	1 %-1 4 prom	7.15	54-4700	6.5	
Legu	253,40 - 255,75	254.45 - 255.45 192.50 - 192.80	8-6cds 2-18cds	462	52-150ds 3-25ds	15	
	191.65 - 193.60 21923 - 22113	2204 - 2205	4-21 repti	143	10-8em	16	
-	11.084 11.154	11.141 - 11.151	34-3arean	350	8181-pm	30	
POP	10.29 10.35	10.324 - 10.334	44-33-00	3.50	113-10300	2.17	
des	10.31 - 10.371	10.34% - 10.35%	2 4 - 20repro	254	53-5100	2.17	
an	2224 2234	2221 2231	1 % -15 ₀ yyan	9.09	41-41-pro	8.5	
ria	21.27 - 21.50	21.41 - 21.44	13-11groom	6.72	35-3200	6.2	
zerland.	259-2614 14675-14740	2.60% - 2.61% 1.4730 - 1.4735	0.60-0.57cm	426	145 160m	4.4	

347.3	Day's spread	Close	One month	% Three		P.1.
Kr	1.5565 - 1.5800	1.5770 - 1.5780	ФАЗ-0.60сри	4.68	1.78-1.73pm	4.4
elandi	1.3715 - 1.3775	1.3755 - 1.3765	per O 10 des	-0.44	0.25-0.15pm	0.7
	1_1940 - 1_1980	1.1940 - 1.1950	0.29-0.31cds	3.01	0.82-0.B6ds	-2.8
lether lands .	2.1710 - 2.1880	21730-21740	0.43-0.41cmo	2.31	1.06-1.02	1.9
leigium	40.30 - 40.70	40.40 - 40.50	4.00-2 Stone	0.96	8.50-6.00mm	0.7
country	7.49 2 - 7.554	7.504 7.504	0.05-0.30cmis	-0.28 2.57	0.40-0.90ds	-0.3
V, Germany	L9255 1.9440	1.9280 1.9290	0.43-Q.40ofpm	2.57	1.07-1.03pm	21
ortugal	161.36 - 162.10	161.35 - 161.45	60-90cms	-5.56	Z30-290dk	-6.4
pain	122.00 - 123.40	122 10 - 127 20	50-60cm	-5.40	135-155dk	-4.7
2	1395 - 140512	13974 - 13974	3.30-3,80t/reds	3.04	9.70-10.40db	-28
Orway		7.064 7.074	0.50-0.80areas	-1.10	2.50-2.90ds	-1.5
Tarice	654-659	6.544 6.554	0.10pm-gar	0.09	0.15-0.30dk	-0.7
weden	6.56-6612	6.56 6.56 4	1.25 Liboros	-2.37	3.80-4.0545	2.3
apad	147.10 1/3.70	141.20 - 141.30	0.54-0.52ypm	4.48	1.36-1.33pm	3.7
ustria	13.574 - 13.68	13.62 13.62	245-1.95ground	1.94	6.98-5.40pct	17
witzerland.	1.6505 - 1.6660	1.6540 - 1.6550	0.31-0.28com	213	0.74-0.70pm	1.7
CU	1.0700 - 1.0725	1.0715 - 1.0725	0.03-0.12-05	-0.84	0.55-0.30pm	15

M).3	Short, Verni	7 Days, notice	One Month	Three: Months	Six Manths	Com:
long	13.24 13.24	136-134 12-114 74-7 7-64 94-914 84-74 84-74 94-94 94-94	134-138 114-114 74-77 14-77 14-81 134-81 124	14-14 94-14 14-14 14-14 17-74-1 17-64 17-64 12-8	14-14 91-82 118-114 74-74 74-74 94-91 124-83 54-54 94-83	14-134 815-81 114-11, 74-77-74-74 91-91, 81-81, 91-81, 94-81, 94-81, 94-81, 94-81,

Dollar	12:11 74-7 74-74 74-61 91-9-9 13-74 74-7 54-54 91-94	12-11-7 7-1-7 7-5-7 91-91-11-9 81-97-11-9 81-97-9 91-94-1	11777 1188 1188 1188 1188 1188 1188 118	113-114 74-74 74-74 74-114 83-84 83-85 94-114 83-85 94-114 83-85 94-114	1177-4-7-1177-1-1-1-1-1-1-1-1-1-1-1-1-1-	113-117 77-77 77-77 97-97 122-122 88-84 54-54
Long term Empdol s 8 %-8 % per cent	lars (no year coreinal, Sho	83-84 per cer	ol; three years 8:	4-84 per cent;	tonryears 8% -6 in Year others, to	7-8-4 Pa per tent; fin and days' notice

EXCHANGE CROSS RATES											
July.3	ε	5	DM	Yen	F Pr.	S Fr.	H FL	Lira	C \$	0 Fr.	
Š	0.634	1.578 1	3.043 1.928	222.8 141.2	10.33 6.546	2.610 1.654	3.428 2.172	2205 1397	1.854 1.194	63.8 40.4	
YEN	0.329 4.488	0.519 7.063	13.66	73.22 1000.	3.395 46.36	0.858 11.71	1177	724.6 9877	0.619 8.456	20.97 286.4	
F Fr. S Fr.	0.968 0.383	1.528 0.605	2.946 1.166	215.7 85.36	10. 3.956	2.527	3318 1313	2135 844.8	1.824 0.722	6L71 24.4	
H FI. Lira	0.292 0.454	0.460 0.716	0.888	64.99 101.0	3.013 4,665	0.761 1.184	l.555	643.2 1000.	0.550 0.854	18.6	
C S 8 Fr.	0.531 1.567	0.836	姗	1183	5.483 16.19	1.385	1.820	1170	2.953	33.8	

a feeling that the anthorities will have to allocate considera-

bly in excess of the DM34.1bn maturing this week as two pre-vious agreements expire in

order to reduce upward pres-sure on short term rates.

To this end, the Bundesbank will probably emphasise their desire to keep call money below the Lombard rate by

adding additional fresh liquid-ity. Figures released up until Friday showed that commer-cial banks hold reserves with

the central bank slightly above

In Amsterdam, the Dntch central bank left its money

market intervention rate

unchanged at 7 per cent when

offering a fresh 10-day special advances facility. The agree-

ment coincides with a matur-

ing facility which drains FL

2.5bn from the market today.

the monthly requirement.

1.091 5.373 3456 2.953 100.	Sen 1 559	2 15620 1555E
÷ 100.	Dec 1.538	0 15210 1.5300 0 1.5210 -
FT LONDON INT	ERBANK	FIXING
11.00 a.m. July 31 3 months US dollars		te US Dollars
bid 94 offer 94	M 53	offer 92

		TONE	RAT	ES			
NEW YORK			Treasur	allis and	Bonds		
Luncirtime Prime rate Broker loan rate Fed funds Fed funds at intervention		One worth		8.09 Three year 7.97 8.15 Four year 7.99 8.21 Five year 0.09 8.09 Sees year 0.09 202 10-year 8.07 3.01 30-year 0.06			
July.3	Overal plat.	One Mostis	Two Mostls	Three Months	Sta Months	Lourisard	
Frankfurt Paris Zurich Amsterdam Tokyo Millan Brussels Dualin	6,95-7.05 93-93 63-74 6,75-6.87 431-54 124-123 3.00 94-91	6.90-7.05 91-91- 71-71- 7.08-7.18 52-53 121-124 83-84- 91-10	6.95-7.10 91,-91,	6.95-7 10 91-91 71-72 71-72 12-72 12-13 12-13 10-10	7.00-7.15 92-92 10-10%	7.00 8.75	

L	DNDO	N MC	NEY	RATE	S	
July_3	Overnight	7 days notice	One Mounts	Three Months	Sia Months	Que Year
Interbank Offer	134	137	14 13H 137	144	144 14 134 14	
Sterling CDs	1 1 1	150	144	12	14	134
Local Authority Deps	1312	134	137	14 14 13#2	الإبا	133
ocal Authority Bonds	I • I		~.		-7 1	134
Discount Mkt. Deps	13%	134	134	13%		
ompany Deposits			111111111111111111111111111111111111111	14.5	142	14
Inance House Deposits.	I - I	-	1341	14Σ	145	14 13日
reasury Bills (Buy)	- 1	-	134	131		
lank 8 lik (Buy)	I - 1	-	134	134	132	-
ine Trade Sill's (Buy)	1	•	144	14 å 9 15 8 å	139	-
ollar CDs		-	9.38	9.15	8.92	8.85
OR Linked Dep Offer		- !	8.	83	SA	SA
OR Linked Dep Bid		-	84	SA	8%	SA
CU Unked Dep Offer	- 1	•	24	9%	13.00 10.00 10.00	96
ECU Linked Dep 8 id	•		34	9,6	93	95

ECU Linked Dep 8 id	- [SA	9%	36	95
Treasury Bills (sell); or centromin 13,2 per centromont 13,5 per centromont 13,6226 p.c. ECG Agreed rates for period Jun 15.51 p.c. Reference rate 15.51 p.c. Reference rate 14.52 p.c. Reference rate 14.52 p.c. Period Jun 15.52 p.c. Period Jun	three mon 0 Fixed Ray 26,1989 to or period J ors seren d 89: Bank (Series 61; per cest; to cem; Under	the 13 % s the Sterling to August 2 time.1 to J ays' notice Deposit R Deposit E	er cent; Tre s Export Fin 5, 1989, So une 30, 198 c, others sem ates for sum 100,000 and	asury Bills; and: Make here I; 14,9 M, Scheme I M days' fixe M at seven of M over held u	r cem, Bank Average te up day Junk 10 p.c., Schi V&V: 14.1 d. Finance days notice nder one my	Silis (seil): nder rate of 2.30, 1989. emes & III: 75 p.c. Lotal froeses Base 4 per cent. onto 912 per

FINANCIAL FUTURES

Sterling prices edge firmer

LIFFE EMPORELLAR OFTENS Sim puints of 100%

STERLING BASED futures 85.98, up from 85.86 on Friday. were firmer in London's Liffe Long gilt futures opened at market yesterday. Sentiment was buoyed by starling's stronger trend which came despite an upward revision in UK May retail sales. However, the latter tended to underlins continued buoyancy in consumer demand, and even though this may just reflect a shift from spending in June to May, prices finished below their best levels. The September contract opened at 85.94 and touched a high of 86.08 before finishing at

LIFFE LIS OFTIONS
C25,000 (cents per EL) LONDON (LIFFE)

Estimated Volume 16248 (11137) Provious par's open lat. 25258 (26337) 7-18 YEAR 9% HOTOMAL COLY 150,906 32mt of 106% Estimated Volume 0 00 Previous day's open int., 0 00 Estimated Volume 2748 (3154) Province 4ay's open led. 6926 (7074)

led Volume 17998 (16609) 6 day's open let, 43040 (42334)

Estimated Volume 601 (332) Prentous day's open let, 932 (940)

91.52 91.70 91.82 91.71

Estimated Volume 2635 (2019) Prorious 4ay's open int. 17023 (17259) Estimated Volume 2750 (44)(8) Previous day's open Int. 15900 CL4285 POUND-S OFFICERED EXCHANGE 1-ceth 3-ceth 6-ceth 12-ceth DAMA-STEELENG Se per S 1 547 1 577 1 566

steenth, of the bid and offered rates for SLOm ing day. The banks are Hatlonal Westerlaster

14.30 9.80 6.80 1.80 1.80 0.50 1.20 4.80 1.70 4.80 1.70 1.70 1.50 50391524921149153423719 T 13.50 b 7.50 5.10 1.50 2.50 3.50 5.50 1.50 2.50 3.10 2.50 3.10 47 - 776329 0.10 1.50 1.70 3.60 1.80 0.70 0.30 ABH P
Asson C
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ally unchanged although Long gilt futures opened at 94-06 for September delivery underlying sentiment received a mild boost from the US NAPM Index, which indicated and rose to a high of 94-19. It a slowdown in US economic

finished at 94-11 against 93-23 at the previous close. Once again, the inflationary implications of higher spending brought values back from the day's highs. activity. West German Treasury bonds improved to 95.15 for September delivery from 95.00 at the opening and 94.96 on Friday. While cash rates remain relatively firm, traders feel that the West German authorities will try and prevent any US Treasury bonds traded quietly, as investors squared positions ahead of today's clo-sure of US financial markets for Independence Day. Trea-sury bond futures were virtufurther upward pressure on rates for the time being.

中的公司公司

CHICAGO 0.7105 0.7122 0.7067 0.7067 0.7160 0.7173 0.7145 0.7062 0.7199 0.7199 0.7114

BASE LENDING RATES

Cipiesiale Bank..... Comm. Bit. II. East ... Northern Bank Ltd Korwich Gen. Trust PRIVATherden Limited Provincial Bank FLC Adam & Company

AAB - Alfed Arab 83;

Alled Irish Bank Co-operative Bank ... Coutts & Co... Cypres Popular Bt ... Dunbar Bank PLC.... Heary Arstracter
Associates Cap Carp
Authority Bank

B & C Merchant Bank Protestial family FUL

R. Raphael & Sens ...

Royal Bh of Section

Byel Trust Rank ...

Smith & Wilders Sess ...

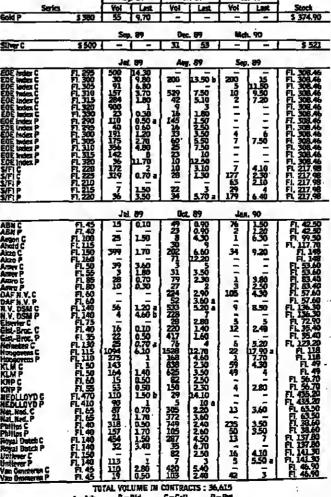
Standard Chartered ...

TSR ...

Third IPs of Kennik Doscan Laurie ... 8 & C. Merchant Bank.
Bank of Barolia
Bank of Barolia
Bank Hapsufrot
Bank Credit & Coune
Bank of Cypros
Bank of Februar
Bank of Februar
Bank of Februar
Bank of Februar
Bank of Scotland Exeter Trust List
Financiat & Geo. Bank ...
First Hallound Bank Pic.

Robert Fleming & Co. ...
Robert France & Plans ... TSB
Chited Bit of Kamait ...
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Whitemany Laidinn G Galeres Maton.... Heritable & Ges for Bat C. Houre & Co. Houston & Stamph
Lespoid Joseph & Sors
Lieyds Bank
Megina; Bank Ltd
McDownell Douglas Bak Brit Bit of Mid East Mesaber of British Merchant Sanking & Securities Rouses Association. * Deposit now 5.9% Sanewise 8.5%. Top Ter-£10,000+ Instant acress 12.8% & Mortrage base rate. § Demand deposit 9%. Mortrage 13.25% – 14%.

EUROPEAN OPTIONS EXCHANGE



COMPANY NOTICES

Consolidated Gold Fields PLC RESULT OF EGM POLL

At the Extraordinary General Meeting of Consolidated Gold Fields PLC, held on Friday, 30 June 1989, the Chairman, Mr. Agnew, invited shareholders to vote by poll on the Ordinary Resolution concerning the Special Preferred Share Scheme considered at that Meeting.

Ernst & Whinney, who acted as scrutineers, advised Gold

10,378,426 shares were cast in favour of the Resolution; 74,822,415 shares were cast against.

The Resolution was accordingly not carried. The vote against the Resolution reflects mainly the shareholding of Minorco which owns 63,952,693 shares, representing 29.9 per cent of Gold Fields issued share capital.

The Directors of Gold Fields are the persons responsible for the information

To the best of the knowledge and belief of such Directors of Gold Fields (who to use west of the knownedge and vetted of such Directors of Gold Fields (who have taken all reasonable care to ensure that such is the case) the information contained in this amountement is in actordance with the facts and does not omit anything likely to affect the import of such information. The Directors of Gold Fields accept responsibility accordingly.

LEGAL NOTICES

No. 092779 of 1989 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION COMPANIES COURT IN THE MATTER OF IN THE MATTER OF

NOTICE IS HEREBY GIVEN that the order of the HIGH COURT OF JUSTICE CHANCERY DIVISION deted 18th June 1988 confirming the carcellation of the amount of 12,037 Mealth standing to the credit of the Share Prevalum Account of the above reused Company and the Special Resolution approved by the Court resolving that the Share Prevalum Account be cancelled at passed at an Extraordisary General Meeting of the Company held on 30th March 1909 were registered by the Registrar of Companies on 20th June 1986.

ART GALLERIES

THE TRYON GALLERY, Cork St. W1. (01-734 6961) "Birds and Landscapes."
Recent Watercolours by
Peter Partington 4-7th July
Tues-Fri 10am - 5pm

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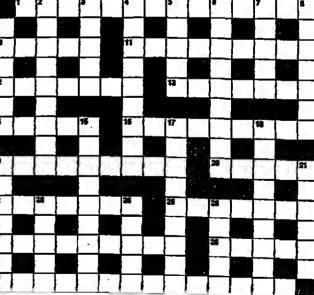
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FINANCIAL TIMES

JOTTER PAD

CROSSWORD

No.6,976 Set by DINMUTZ



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1 River-tale handled by teller?

(7,7) 10 Plainly permitted, would

you say? (5)
11 Once a month in Paris,
where 13 rolled (9)
12 Incense is all right in trial (7)
18 Carton-carries? (7)
14 Condition of Newmarket ground being sold (5)

16 Universal remedy-seeker St Michael converted (9) 19 Water-spout first in very high winds (3-6) 20 Yarms' end described (5) 21 Holidaymakers' number in

20 Yarns' end described (5)
22 Holidaymakers' number in frolics (7)
25 Lines on right-hand page in church-house (7)
27 Drawn, PC led line-out (9)
28 Plate of tripe ordered (5)
29 Employing sixth sense for all that hiking (7-7)

DOWN

DOWN

2 Golf is out, possibly, for one who lifts his head a lot (9)

3 Receiver of notice in Spanish river (5)

4 Modern tea-fight in the cathedral (5,4)

5 Alarm-signal from whaler transmitted (5)

6 Tom gets round fellow to

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7 Franco-German articles in inferior position (5) 8 Bitter permitted with this cake? (7)

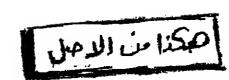
cake? (7)
9 Bowler, taken off, can rest here (3-3)
15 The congregation boil (9)
17 Crew beginning camerawork with 3's farming community? (9)
18 Like sickness benefit falsely claimed (3-6)
19 Means to raise grass using a big sum of money (7)
21 Your head stuck in Times puzzle? (5)
23 Chap to leave tropical fruit (5)

26 Chap to scave depend (5)
24 Break in Yugoslavia (5)
26 Was he a love-baby? (5)
Solution to Puzzle No.6,975

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YORK STOCK EXCHANGE COMPOSITE PRICES

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FINANCIAL TIMES

WORLD STOCK MARKETS

Dow repairs some of last week's damage

REPAIRING some of the damage from last week's steep falls, Wall Street stock prices edged ahead in light pre-holiday trading yesterday, writes Roderick Orum in New York.

The slight improvement came in spite of continuing concern that the economy was slowing down so rapidly that corporate profits would start to

The worries were underscored by the latest report of purchasing managers' senti-ment. For the second month running they turned in a read-ing below 50 per cent, indicat-ing an economic slowdown. The reading of 48.8 per cent in June against July's 49.7 per cent was the lowest level since July 1986. New orders, one of the major components of the

time since May 1986. In spite of this news, a few bargain hunters were picking up stocks after their sharp falls st week when the Dow Jones Industrial Average shed 92 points, its worst weekly performance in 15 months.

By 2pm yesterday tha Dow was up 10.05 points at 2,450.11, although it had been up nearly 18 points at its best point during the morning. Most of the strength was in the blue chips, with secondary and tertiary stocks faring less well. The American Stock Exchangs composite index was slightly down on the day and the over the counter composite was barely shead.

Trading was very light, with most investors and traders taking the day off ahead of today's Independence Day closure. Even some Japanese staff had taken the extra day's vacation, report, declined for the first one Japanese securities firm

fewer than 50m shares had traded on tha New York Stock Exchange, a volume more appropriate for a busy opening hour. The same number of stocks rose as fell.

The market's real test will come in the second half of the week, when business returns to normal and the Federal Reserve's Open Market Com-mittee meets to decide whether to ease monetary policy fur-The bond market, despite

alipping a bit at the long and yesterday, is betting on lower interest rates. The stock market is drawing little encouragement from this at the moment, however, and is concentrating on a gloomier scenario of economic weakness. Opinion is divided on whether stocks can reclaim quickly the ground they gave up last week. Among notable issues yesterday, General Nutrition gained \$% to \$10%. The health food and cosmetics group accepted an \$11 %-a-share leveraged buy-out proposal from Thomas H. Lee, a Boston investment firm. First Executive dropped \$1 to \$15%. The Los Angeles-based company, the 15th largest

insurance group in the US, has adopted an anti-takeover package for shareholders. The company, a pioneer in heavy investment in junk bonds, has een the subject of frequent takeover rumours.

LIN Broadcasting gave up a further \$2% to \$112. The televi-sion station and cellular telephone company suffered a court setback on Friday which makes it more vulnerable to a takeovsr offer from McCaw Cellular Communications. The appeal court declined to over-turn a lower court ruling denying it the chance to buy out its cellular partner in New York

prices. The ruling diminishes the value of the company and might cause McCaw to lower its \$120-a-share offer. McCaw was unchanged at \$38.

Minnetonka dropped \$2% to \$22%. The maker of fragrance and personal care products accepted a \$22.86 a share takeover offer from Unilever. Although the hid was the highest received, it was well below market forecasts.

Digital Equipment added \$2% to \$94%. The highly volatile stock of the computer maker has been receiving favourable press mention after languishing for a long period. languishing for a long period.

Other computer stocks were
little changed. IBM edged up
\$% to \$112%, Apple Computer
fell \$% to \$41%, Hewlett-Packard added \$% to \$52 and Unisys slipped \$% to \$24%.

Canadian markets were closed
for Canada Day.

Active Frankfurt strides ahead as bourses snooze

THE ONLY bourse that seemed wide awake in Surope yesterday was Frankfurt, where shares bounced back from losses at the end of last week,

writes Our Markets Staff.
FRANKFURT rebounded from Friday's interest rate-in-fluenced fall, taking many observers unawares by the strength of its rise. "It's been quite a surprising day," said one salesman, explaining that a fairly quiet opening had at first suggested that shares would simply drift throughout the day. the day.
The DAX index gained 18.61,

or 1.2 per cent, to 1,492.33 finishing near its session high and recouping all Friday's losses. The FAZ index rose 3.51 to 616.51. The gains continued after hours, buoyed by a firmer

opening on Wall Street.

Domestic and foreign demand lay behind the advance, in a market not overblessed with supply, said the salesman. Deutsche Bank and utility Veba were sought, in the salesman than supply the rest of the salesman. turn supporting the rest of the market. Deutsche Bank picked up DM15 to DM615 as shares worth DM705m changed hands and Veba, also active, gained DM10 to DM334.50. There was little corporate

news to affect the market. RWE, which was expected to give details of a restructuring plan, rose DM6 to DM332. Turnover was lower than last week, but still active, at

MILAN had a reasonable day, with the spotlight again falling on Fiat and the banks. The Comit index rose 2.53 to 651.97 in similar turnover to Friday's of about L250hn. Fiat rose L318 to L10,988, reaching L10,980 in the aftermarket, in the wake of Friday shareholder approval of its share buy-back plan. "As soon as the announcement was out,

everyone was rushing for the stock," said an analyst. PARIS was hit by computer problems which halted trading in a large number of stocks on the continuous market for a substantial part of the day. This cut volumes to between FFribn and FFri.5bn, with television coverage of Wimbledon providing more excitement than the equity market, according to one dealer.

The computer breakdown



BROKERS' WORLD

Where in the world would you find a stockbroker who spends the summer on a remote island the summer on a remote faland and commutes by private boat, ferry and car? In which capital city can a glit dealer be found, outside office hours, chained up and acting in a play shout devils? How does a former diplomat come to be warning yupple analysts in Madrid to stay away from the discotheques in the early hours of the morning? And why has a broker in Toronto been fielding anxious calls from Hong Kong in the calls from Hong Kong in the wake of the bloodbath in Peking? All will be revealed in a summer series about stock-broking characters around the world, starting on Thursday.

appeared to be related to the number of new stocks being introduced onto the continuous market yesterday. "The com-puter threw a whirly after trad-ing for about five minutes with McDonalds, baked beans and tomatoes going onto the con-tinnous market, as well as other stocks like Maxwell Communications," said the dealer.
Continuing the food theme,
one of the few interesting features yesterday was BSN, which climbed strongly in late trading after announcing it had sold Walkers and Smiths, the two British potato snack makers it bought from RJR Nabisco last month. The \$1.35bn sale to Pepsico helped the stock jump FFr33, or 5 per cent, to FFr693.

Sharee ended generally higher, with the OMF 50 edg-ing up 0.63 to 493.97 and the CAC 40 index rising 9.59 to

1,737.45. The opening CAC General index added 1.6 to 477.78. eral index added 1.6 to \$77.76.

ZURICH moved higher in a quiet day. The Credit Salare index gained 6.4 to 633.

Blue chips were mostly firmer, with bearers of Brown Boveri, the engineering company, up \$57.265 at \$571.655 and Zurich insurance company bearers up \$571.00 at \$571.25.

AMSTERDAM had a thin session, dampened by Wall. No. U

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AMSTERDAM and a time session, dampened by Wall Street's losses last week and the US independence Day hold day today. The CBS tendence index finished unchanged at 187.2 and news was so thin on the county of the county to the co the ground that some broken-left for home early.

Hoogovens, the steel company, had a good day, rising FI 5.30 to Fl 118, while Underer 5.30 to FI 118, while Unitary gained 30 cents to FI 14130; after news over the weaken, that it was buying Calvin Klein; Cosmetics of the US. Earlier this year, Unilever made an abortive attempt to take over Fabergé and Elizabeth Arden. Retailer Ahold shed 40 cents Retailer Ahold shed 40 cents to FI 117.70 after denying spec-ulation that a Danish and a Swedish company would take part in an alliance between Ahold, France's Casino and

Argyll of the UK. MADRID was depressed by interest rate worries and the setback on Wall Street last week and trading was quiet at about \$90m. The general index

fell 1.53 to 308.05.

BRUSSELS had a dull see sion with operators reluctant to take out new positions on the last day of the forward market account. The cash market index fell 25.06 to 6,073.18. Volume was low in all stocks except sugar refiner Railineris. Tirlemontoise, which added BFr30 to BFr2,130 as speculation continued about stake

STOCKHOLM recovered from early losses to close only slightly lower on the day. The Affarsvärlden General inder fell 0.7 to 1,216.2 in slack trad-

ing. Skandia went against the Skandia went against the trend, rising SKr2 to SKr286. Electrolux free B shares fell-SKr2 to SKr329 and Volvo free B shares also fell SKr2 to

OSLO saw dull trading and shares closed mostly lower with the all-share index falling

Nikkei beats election setback to close higher

EQUITY trading slowed to its lowest level this year as uncer-tainty surrounding the out-come of Sunday's Tokyo Metropolitan Assembly election kept investors wary, writes Michiyo Nakamoto in Tokyo.

Share prices lost steadily in early trading when investors scrambled to unwind positions or take profits as the election outcome for the ruling Liberal Democratic Party (LDP) began

to look increasingly bleak.
However, a feeling of relief,
once news of the serious setback for the LDP was out, triggered a round of broad-based
brying that analysis share bnying that enabled share prices to close higher for the first time in five trading days. The Nikkel average opened more than 200 points below Friday's close and fell 252.15 points to a low of 32,696.54. Later, bargain-hunters came in to support the Nikkei which closed at the day's high of 33.236.42, up 287.73.

It was the first time in three trading days that the Nikkei had closed above 33,000. Advances far outpaced losses by 620 to 289 while 162 issues ere unchanged.

The Topix index of all listed shares added 17.77 to 2,467.15. In London, the ISE/Nikkei 50 closed 3.32 below the Tokyo year's low of 305.91m shares, down from the already slim 423.27m traded on Friday, reflecting widespread hesita-tion among investors to take positions while political con-cerns hung over the market. Mr Shoin Yokoyama of

Credit Suisse Investment Advi-sory Co said that as well as relief, yesterday's rebound. could also be explained by the fact that investors had already sold more or less what they

Interest returned to large capital steel and shipbuilding stocks as the yen rebounded against the dollar during the day, Mitsubishi Heavy Indus-tries topped the most actives list with 8.2m shares and gained Y20 to Y1,190. Nippon Steel followed with 8.0m

chares, adding Y18 to Y818. Matsushita Communication Industrial, an industrial electronics affiliate of Matsushita Electric, surged Y190 to a year's high of Y3,350 in active trading. It has a 30 per cent share of the domestic mobile phone market and is expected to benefit from an expanding

Large volume issues led the Osaka market where the OSE everage finished 98.55 points higher at 32,277,45. Volume slipped to a year's low of 23.04m shares from Friday's 40.69m. Sumitomo Precision, which is expected to post a second consecutive year of record pre-tax profits this business year, surged Y160 to Y2,170.

Roundup

THE tone was depressed in Asia Pacific markets, as last week's setback on Wall Street hit sentiment and the slight recovery in Tokyo yesterday

failed to lift spirits.
AUSTRALIA fell back following Wall Street's sharp losses on Thursday and Friday, with concern about the high level of local interest rates keeping

rvestors away.
The All Ordinaries index closed 19.9 points lower at 1,501.2, holding just above the 1,500 barrier, in thin turnover of 87m shares worth A\$162m. National Australia Bank dropped 18 cents to A\$5.84 after announcing a worldwide share placing to fund an expansion

Elders IXL rose 1 cent to A\$2.78 against the trend amid reports that Grand Met of the UK was planning to sell its brewing interests. Elders, which was blocked from taking over Scottish & Newcastle Breweries earlier this year,

SINGAPORE moved lower in heavy trading, with small investors responsible for most of the activity and Wall Brierlsy Investments, reported to be reconsidering its support for Goodman Fielder Wattie's bid for IEL, shed 5 cents to A\$1.80. IEL and Good-Street's losses casting a shadow. The Straits Times industrial index fell 9.61 to 1,298.06 as 100.5m chares changed hands, down from Fri-day's 177.4m. Falls led rises by man also both lost 5 cents to A\$2.05 and A\$2.11. It later emerged that textile magnate Mr Abe Goldberg was teaming up with two IEL executives to halt the merger with Goodman and take IEL over as an inde-

NEW ZEALAND fell heavily in line with the Australian market and the Barclays index lost 22.19 to 1,901.98.

HONG KONG showed little movement in a very quiet day, with fund managers unwilling to rush into new positions at the start of the second half, especially given the holiday in the US today.

The Hang Seng index lost 3.1 to 2,270.81 in low turnover of HK\$460m, with investors awalting indications of the impact of the China crisis on the local property market.

Hongkong Bank saw active trading, unchanged at HK\$7.40. Bond Corp International lost 2 cents to HK\$1.55 after announcing a meeting on Thursday to consider a further special dividend because of its Bond Cen-

gained 19.6 to 865.90 in thin **SOUTH AFRICA**

Johannesburg yesterday saw ahares close mostly firmer, apart from a few ex-dividend elated losses.

Among blue chips, Fraser and Nezve dropped 30 cents to \$39.50 and Singapore Airlines foreign shed 20 cents to \$317.40.

TAIWAN plunged on talk that a leading player had been detained for involvement in illegal trading activities, though officials denied the

rumours. The weighted index

ended at 8,853.61, down 351.45.

SECUL picked up steeply after hitting a year's low on Saturday. The composite index

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("the Company")

Proposed purchase by the Company of up to 25.2 per cent. of its issued equity share capital

A tender offer enabling shareholders to tender all or part of their holdings of Ordinary and Capital Shares at £24 per share by way of off-market tender or, through The Stock Exchange by on-market tender, will open today Tuesday, 4th July, 1989 and, will close at 3.30 pm on Friday, 28th July, 1989.

Tender forms for on-market tenders, which may only be submitted by member firms of The Stock Exchange, are available until 3.30 pm Friday, 28th July, 1989 from:

> The UK Equity Market Department 21st Floor The Stock Exchange **London EC2N 1HP**

and from the Regional Stock Exchange Units.

Tender forms for off-market tenders are available from Cazenove & Co. at the address set out below.

WARNING: Shares bought prior to the closing date can only be tendered if the purchaser is on the register of members of the Company at 5.00 pm on Tuesday, 18th July, 1989. All shares bought in this period should, therefore, be bought for guaranteed delivery on or before Friday, 14th July, 1989.

The terms and conditions of the tender offer and the action that shareholders should take if they wish to tender some or all of their shares are set out in a circular posted yesterday to all shareholders of the Company, copies of which are available from:

> Cazenove & Co. 12 Tokenhouse Yard London EC2R 7AN

Closing date and settlement

The tender offer will close at 3.30 pm on Friday, 28th July, 1989. It is expected that an announcement of the level of tenders received will be made on Monday, 31st July, 1989. Following the tenders becoming unconditional in all respects and, on acceptance of the tenders which is expected to be on Wednesday, 16th August, 1989, following the Extraordinary General Meeting of the Company and separate class meetings to be held on that date, settlement will take place. Such settlement, subject to the necessary formalities being completed by tendering shareholders, is expected to be for normal cash settlement on Friday, 18th August, 1989.

4th July, 1989

This advertisement has been approved by Cazenove & Co. an authorised person under the Financial Services Act 1986.

Heavyweights drag world down

By Jacqueline Moore

worries furrowed brows in leading stock markets last week, dragging the FT-Ac-tuaries World Index lower. The US was the world's worst performer, falling 3 per cent in local currency terms. A mixture of economic nervous-

ness and programme trading undermined share prices, with the Dow Jones Industrial Average falling steeply on four days last week. The largest retreat was on Thursday, when the Dow shed more than 46 points after the West German Bundesbank had unexpectedly raised

US investors also became more concerned that a slowdown in the economy would damage corporate earnings. Fears of recession were exacerbated with the announceme on Wednesday of s higher-than-expected fall in the index

of leading indicators.

Japan, beset by political doubts, dropped 1.7 per cent over the week, reducing its gain in 1989 to just 2.9 per cent. A combination of fears that the

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ruling Liberal Democratic Party would suffer in the weekconomic and political end's elections and that Prime Minister Sousuke Uno would resign after the scandal over his private life kept investors away and confidence low.

West Germany, France and the Netherlands also suffered - each falling by more than 1 per cent in the wake of interest rate rises. Such declines by the heavyweight markets left the World Index 1.8 per cent lower. Not all markets had a bad

week, however. Mexico and Austria both fell by about 2 per cent but these were small set-backs compared with their impressive advances this year.

A couple of Scandinavian bourses even achieved signifi-cant gains. Denmark and Swe-den, two of Europe's top per-formers this year, corrected their previous week's losses, gaining 3.1 and 1.1 per cent

respectively.
South Africa also had a confident five days, buoyed by the bullion price and by its indus-trial stocks. Hong Kong continued to recoup lost ground as the Chinese situation stebilised, although it is still 15.9 per cent down this year.

	% ch	enge in fo	est current	y f	% change in storing †
	1 Week	4 Wents	1 Year	Start of 1969	Start of 1989
Austria	-1,98	-0.16	+51.19	+88.43	+47.28
Belglum	-0.35	- 1.66	+15.95	+4.28	+11.21
Denmark	+3.10	+10.42	+70.51	+30.32	+37.34
Finland	+0.20	-3.50	+8.22	+13.18	+25.17
France	1.91	-1.93	+33:33	+13.00	+20.48
West Germany	-1.43	+3.24	+25.46	+11.12	+17.80
Ireland	-0.13	-3.32	+7.17	+11.75	+17.92
haly	+0.40	+8.44	+23.06	+7.14	+15.65
Netherlands	-1.01	+1.72	+23.26	+15.99	+23.20
Norway	-1.32	+0.77	+56.70	+39.46	+ 49.81
Spain	-0.04	-0.34	+0.30	+9.51	+16.67
Sweden	+ 1.09	+5.10	+49.50	+24.10	+33.54
Switzerland	-0.63	+5.31	+11.85	+14.57	+ 19.78
UK	-0.75	+2.43	+14.87	+18.84	+16.64
EUROPE	-0.80	+2.20	+19.71	+15.28	+ 19.27
Australia	+0.80	1,28	-1.34	+2.50	+5.95
Hong Kong	+2.13	+8.95	-12.90	-15.88	-1.63
Japan	-1.74	-1.78	+15.05	+2.86	+4.26
Malaysia	+1.12	+1.50	+22.40	+25.94	+47.54
New Zealand	-0.62	+2.74	+0.91	+6.69	+ 13.50
Singapore	+0.47	+1.92	+21.55	+28.50	+ 48.57
Canada	-0.26	+0.82	+8.86	+ 12.04	+30.35
USA	-2.96	-1.34	+16.84	+ 14.57	+33.80
Mexico	-2.15	+13.44	+68.25	+74.38	+86.35
South Africa	+2.16	+6.74	+47.05	+84.10	+51.50
WORLD INDEX	-1.83	-0.63	+16.19	+9.15	+16.83

MARKETS IN PERSPECTIVE

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

REGIONAL MARKETS		P	RIDAY JUN	E 30 1909			THURSE	MY JUNE 2	DOLLAR INDEX			
Figures in parentheses show number of stocks per grouping	US Doller Index	Day's Change	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency index	1988 High	1989 Low	Year ego (approx
Australia (84)	131.09	-0.6	125,47	115.40	-0.4	5.11	161.92	125.98	115.87	157.12	128.28	138.86
Austria (19)	120.99	-0.1	115.81	122.69	+0.4	2.20	121.10	115.64	122.19	124.16	92.84	85.83
Belgium (63)	128.65	-0.9	123, 13	129.76	-0.3	4.22	129.83	123.98	130.15	137, 10	125.5B	118.18
Canada (123)	140.16	+0.2	134.12	121.56	. +0.4	3.29	139.87	133.57	121.08	141.80	124.67	126.33
Denmark (88)	200.37	-0.2	191.78	207.19	+0.2	1.62	200.75	191.71	200.76	200:75	165.35	129.15
Finland (26)	140.27	−ŏ <u>.</u> 7	134.26	129.38	-0.2	1.62	141.25	134,89	129.68	159.16	125.81	161.20
France (128)	116.68	-0.3	113.59	123.52	-0.4	3.07	119.05	113.69	124.04	122.79	112.57	96.3
Prante (120)	86.71	- 1.0	84.91	90.14	- 1.0	2.26	89.59				79.56	75.90
West Germany (100)		+0.0		94.27	+0.0	5.68		85.56	61.08	90.72		107.90
Hong Kong (49)	94.17		90.14				94.17	89.93	94.23	140.33	88.41	
Ireland (17)	133.05	-0.5	127.35	137.95	-0.2	3.05	133.73	127.71	138.25	151.38	125.00	134.60
taly (97)	84.30	-0.1	80.69	88.96	-02	2.50	84.39	80.59	89.16	86.88	74.97	71.70
Japan (455)	170.97	-0.5	163.64	156.63	···0.1	0.51	171.88	164,14	155.80	200.11	164.22	159.5
Malaysia (36)	161.29	-0.9	179.52	188.55	-0.8	2.55 0.71	182.94	174.70	190.13	185.03	143.35	152.18
Mexico (13)	258.23	-0.9	247, 16	705.83	-0.5		260.66	248.92	709.62	271.98	153.32	167.9
Netherland (42)	118.57	-0.6	113.49	119.17	-0.6	4.34	119.51	114.16	120.14	122.22	110.63	103.2
New Zealand (24)	65.70	-1.3	62.69	60.79	-0.7	6.11	66.55	63.56	61.25	76.02	62.64	76.7
Norway (26)	178.21	-0.3	170.57	172.65	···0.3	1.48	178.77	170.72	173,13	198.39	139.92	122.30
Singapore (26)	159.16	- 1.1	152.33	144.01	-0.6	1.93	160.86	153.62	145.16	161.98	124.57	125.56
South Africa (60):	151.58	-0.7	145.08	181.74	-0.7	4.06	152.82	145.75	132.65	152.62	115.35	118.40
South Allies (ob)	148.24	-0.6	141.88	139.48	-0.6	3.53	149.09	142.38	140.34	156.17	143.14	151.14
Spain (43)	165.35	-0.3	158.26	162.72	+0.0	211	165.88	158.38	162.76	166.15	138.45	116.93
Sweden (35)	80.08	-0.6	76.65	83.33	-0.5	2.30	80.53	76.90	88.77	81.29	67.81	79.4
Switzerland (57)			131.79	131.79	-0.3 -1.3	4.45	139.76	100.60		153.33	133.28	131.63
United Kingdom (314)	137.70	-1.5						133.47	133.46	100.00		110.96
USA (555)	129.67	-0.5	124,11	129.67	-0.5	3.46	130.36	124.49	130.36	133.83	112.13	
Europe (1005)	117.13	- 1.0	112.11	115.89	-0.6	3.54	118.28	112.95	118.91	121.70	112.63	105.90
Mardic (125)	151.80	-0.3	154.86	155.65	+0.0	1.82	162.28	154.97	155.63	162.28	137-95	113.70
Pacific Basin (674)	166,64	-0.5	159.49	151.86	-0.1	0.75	167.52	159.97	152.05	194.72	160.44	156.68
Euro - Pacific (1679)	146,92	-0.7	140.62	137.42	-0.4	1.66	147.91	141.25	137.92	164.22	141.56	136.40
EURO - Pacino (1015)	130.20	-0.5	124.62	129.16	-0.5	3.45	130.84	124.95	129.80	134.17	112.79	111.80
North America (678)	103.94	-0.6	99.48	106.05	-0.6	2.87	104.55	99.84	106.67	105.57	96.30	89.88
Europe Ex. UK (691)	114.68	-0.5	109.77	104.89	-0.4	4.96	115.31	110.12	105.27	137.66	111.93	121.73
Secilis Ey Janan (219)		-0.6	140.50	137.04	-0.3	1.73	147.74	141.09	137.52	162.77	141.49	135.90
Morid Fx. US (1879)	146,80										136.98	125.6
Modd Fx. UK (2110)	139,92	-0.5	133.92	134.80	-03	2.10	140.65	134.31	135.23	146.04		120.00
Norld Ex. So. Af. (2370) -	139. <i>6</i> 3	-0.6	133.65	134.52	-0.4	2.30	140,48	134.15	135.07	146.65	136.67	126.2
World Ex. Japan (1975)	125,00	-0.7	119.64	123.75	-0.6_	3.55	125.83	120.16	124.51	128.01	114.51	110.22
The World Index (2430)	139.70	-0.6	133.71	134.50	-0.4	231	140.55	134.22	135.05	146.51	136.68	126.20

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